ICI Pakistan Limited

Consolidated Statement of Financial Position

As at June 30, 2018

Amounts in PKR '000

	Note	June 30, 2018	June 30, 2017 (Re-stated)	June 30, 2016 (Re-stated)
ASSETS				
Non-current assets				
Property, plant and equipment	6	**22,375,943**	19,958,615	17,164,769
Intangible assets	7	**1,688,377**	783,356	16,460
		24,064,320	20,741,971	17,181,229
Long-term investments	8	**1,132,504**	966,536	963,667
Long-term loans	9	**443,791**	382,421	357,637
Long-term deposits and prepayments	10	**43,602**	38,627	33,594
		1,619,897	1,387,584	1,354,898
		25,684,217	22,129,555	18,536,127
Current assets				
Stores, spares and consumables	11	**946,642**	1,011,381	861,544
Stock-in-trade	12	**9,010,634**	5,913,901	5,317,357
Trade debts	13	**2,718,120**	2,589,878	1,640,067
Loans and advances	14	**552,752**	441,985	392,362
Trade deposits and short-term prepayments	15	**322,494**	577,426	430,649
Other receivables	16	**1,498,166**	1,617,870	804,400
Taxation - net		**2,592,156**	1,253,468	2,234,248
Cash and bank balances	17	**1,687,351**	1,266,464	258,962
		19,328,315	14,672,373	11,939,589
Total assets		**45,012,532**	36,801,928	30,475,716
EQUITY AND LIABILITIES				
Share capital and reserves				
Authorised capital				
1,500,000,000 (June 30, 2017: 1,500,000,000) ordinary shares of PKR 10 each		**15,000,000**	15,000,000	15,000,000
Issued, subscribed and paid-up capital	18	**923,591**	923,591	923,591
Capital reserves	19	**309,643**	309,643	309,643
Surplus on revaluation of property, plant and equipment - net of tax	19	**821,982**	902,788	995,330
Revenue reserve - unappropriated profit		**16,551,410**	15,102,391	13,341,517
Attributable to the equity holders of the Holding Company		**18,606,626**	17,238,413	15,570,081
Non-controlling interests		**1,426,208**	487,360	-
Total equity		**20,032,834**	17,725,773	15,570,081
Non-current liabilities				
Provisions for non-management staff gratuity	20	**125,586**	115,030	90,867
Long-term loans	21	**8,243,012**	4,919,478	3,652,586
Deferred tax liability - net	22	**1,903,094**	1,225,082	1,430,789
Liabilities subject to finance lease	23	**-**	799	-
		10,271,692	6,260,389	5,174,242
Current liabilities				
Trade and other payables	24	**6,066,938**	9,853,143	7,252,115
Accrued mark-up		**251,496**	103,473	77,663
Short-term borrowings and running finance	25	**7,332,327**	2,128,905	1,937,184
Unclaimed dividend		**89,379**	80,569	70,648
Current portion of long-term loans	21	**967,044**	647,667	393,783
Current portion of liabilities subject to finance lease	23	**822**	2,009	-
		14,708,006	12,815,766	9,731,393
Total equity and liabilities		**45,012,532**	36,801,928	30,475,716
Contingencies and commitments	26			

The annexed notes 1 to 51 form an integral part of these consolidated financial statements.

Muhammad Sohail Tabba	**Asif Jooma**	**Muhammad Abid Ganatra**
Chairman / Director	*Chief Executive*	*Chief Financial Officer*

ICI Pakistan Limited

Consolidated Statement of Profit or Loss

For the year ended June 30, 2018

Amounts in PKR '000

	Note	**For the year ended June 30, 2018**	For the year ended June 30, 2017
Net turnover	*28.1*	**49,992,068**	41,771,218
Cost of sales	*28.2*	**(41,060,075)**	(33,755,435)
Gross profit		**8,931,993**	8,015,783
Selling and distribution expenses	*30*	**(3,048,611)**	(2,688,234)
Administration and general expenses	*31*	**(1,281,172)**	(1,141,127)
Operating result		**4,602,210**	4,186,422
Other charges	*32*	**(326,091)**	(174,168)
Finance costs	*33*	**(654,094)**	(390,119)
Exchange loss		**(430,706)**	(13,087)
		(1,410,891)	(577,374)
Other income	*34*	**156,355**	115,040
Share of profit from an associate	*8*	**585,968**	670,869
Profit before taxation		**3,933,642**	4,394,957
Taxation	*35*	**(635,988)**	(1,114,848)
Profit after taxation		**3,297,654**	3,280,109
Attributable to:			
Owners of the Holding Company		**3,280,006**	3,282,749
Non-controlling interests		**17,648**	(2,640)
		3,297,654	3,280,109
Basic and diluted earnings per share (PKR)	*36*	**35.51**	35.54

The annexed notes 1 to 51 form an integral part of these consolidated financial statements.

Muhammad Sohail Tabba	**Asif Jooma**	**Muhammad Abid Ganatra**
Chairman / Director	*Chief Executive*	*Chief Financial Officer*

ICI Pakistan Limited
Consolidated Statement of Other Comprehensive Income
For the year ended June 30, 2018

Amounts in PKR '000

	For the year ended June 30, 2018	For the year ended June 30, 2017
Profit after taxation	**3,297,654**	3,280,109
Other comprehensive income / (loss)		
Items not to be reclassified to statement of profit or loss:		
Remeasurement of defined benefit plans	**(317,833)**	(74,151)
Income tax effect	**74,664**	18,227
	(243,169)	(55,924)
Reversal of surplus on revaluation of property, plant and equipment	**(11,783)**	-
Adjustment of surplus on revaluation of property, plant and equipment due to change in tax rate - note 19.3	**5,622**	11,611
	(6,161)	11,611
Total comprehensive income for the year	**3,048,324**	3,235,796
Attributable to:		
Owners of the Holding Company	**3,030,676**	3,238,436
Non-Controlling interests	**17,648**	(2,640)
	3,048,324	3,235,796

The annexed notes 1 to 51 form an integral part of these consolidated financial statements.

Muhammad Sohail Tabba	**Asif Jooma**	**Muhammad Abid Ganatra**
Chairman / Director	*Chief Executive*	*Chief Financial Officer*

ICI Pakistan Limited

Consolidated Statement of Cash Flows

For the year ended June 30, 2018

Amounts in PKR '000

	For the year ended June 30, 2018	For the year ended June 30, 2017
Cash flows from operating activities		
Cash generated from operations - note 37	**486,758**	5,944,957
Payments for :		
Staff retirement benefit plans - note 20.1.2	**(66,196)**	(66,685)
Non-management staff gratuity and eligible retired employees' medical scheme	**(31,858)**	(30,000)
Taxation	**(1,220,107)**	(309,938)
Interest	**(506,071)**	(364,852)
Net cash (used in) / generated from operating activities	**(1,337,474)**	5,173,482
Cash flows from investing activities		
Capital expenditure	**(4,927,748)**	(4,294,344)
Proceeds from disposal of operating fixed assets	**15,883**	9,789
Interest received on bank deposits	**74,032**	16,029
Business acquisition	**(1,935,700)**	(981,300)
Dividend from associate	**420,000**	504,000
Net cash used in investing activities	**(6,353,533)**	(4,745,826)
Cash flows from financing activities*		
Issuance of shares to non-controlling interests	**921,200**	490,000
Long-term loans obtained	**4,290,239**	1,896,186
Long-term loans repaid	**(647,328)**	(391,692)
Payment against finance lease liability	**(1,986)**	(1,358)
Dividends paid	**(1,653,653)**	(1,560,184)
Net cash generated from financing activities	**2,908,472**	432,952
Net (decrease) / increase in cash and cash equivalents	**(4,782,535)**	860,608
Cash and cash equivalents at the beginning of the year	**(862,441)**	(1,678,222)
Cash and cash equivalents acquired through business combination	**-**	(44,827)
Cash and cash equivalents at the end of the year	**(5,644,976)**	(862,441)
Cash and cash equivalents at the end of the year comprise of:		
Cash and bank balances - note 17	**1,687,351**	1,266,464
Short-term borrowings and running finance - note 25	**(7,332,327)**	(2,128,905)
	(5,644,976)	(862,441)

*No non-cash items are included in these activities

The annexed notes 1 to 51 form an integral part of these consolidated financial statements.

Muhammad Sohail Tabba	Asif Jooma	Muhammad Abid Ganatra
Chairman / Director	*Chief Executive*	*Chief Financial Officer*

ICI Pakistan Limited
Consolidated Statement of Changes in Equity
For the year ended June 30, 2018

Amounts in PKR '000

	Issued, subscribed and paid-up capital	Capital reserves	Surplus on revaluation of property plant and equipment	Revenue reserve - unappropriated profit	Total reserves	Non-controlling interests	Total equity
As at July 01, 2016	923,591	309,643	-	13,341,517	13,651,160	-	14,574,751
Adjustment due to change in accounting policy - note 3.1	-	-	995,330	-	995,330	-	995,330
As at July 01, 2016 - restated	923,591	309,643	995,330	13,341,517	14,646,490	-	15,570,081
Final dividend for the year ended June 30, 2016 @ PKR 9.00 per share	-	-	-	(831,232)	(831,232)	-	(831,232)
Interim dividend for the year ended June 30, 2017 @ PKR 8.00 per share	-	-	-	(738,872)	(738,872)	-	(738,872)
	-	-		(1,570,104)	(1,570,104)	-	(1,570,104)
Shares issued to non-controlling interests	-	-	-	-	-	490,000	490,000
Loss attributable to non-controlling interest for the year	-	-	-	-	-	(2,640)	(2,640)
	-	-	-	-	-	487,360	487,360
Profit for the year	-	-	-	3,282,749	3,282,749	-	3,282,749
Other comprehensive income / (loss) for the year - net of tax (restated)	-	-	11,611	(55,924)	(44,313)	-	(44,313)
Total comprehensive income - restated	-	-	11,611	3,226,825	3,238,436	-	3,238,436
Transfer from surplus on revaluation of property, plant and equipment - incremental depreciation for the year - net of deferred tax - note 19.3	-	-	(104,153)	104,153	-	-	-
	-	-	(104,153)	104,153	-	-	-
As at June 30, 2017 - restated	**923,591**	**309,643**	**902,788**	**15,102,391**	**16,314,822**	**487,360**	**17,725,773**
Final dividend for the year ended June 30, 2017 @ PKR 10.00 per share	-	-	-	(923,591)	(923,591)	-	(923,591)
Interim dividend for the year ended June 30, 2018 @ PKR 8.00 per share	-	-	-	(738,872)	(738,872)	-	(738,872)
	-	-	-	**(1,662,463)**	**(1,662,463)**	-	**(1,662,463)**
Shares issued to non-controlling interests	-	-	-	-	-	921,200	921,200
Profit attributable to non-controlling interest for the year	-	-	-	-	-	17,648	17,648
	-	-	-	-	-	**938,848**	**938,848**
Profit for the year	-	-	-	3,280,006	3,280,006	-	3,280,006
Other comprehensive loss for the year - net of tax	-	-	(6,161)	(243,169)	(249,330)	-	(249,330)
Total comprehensive income	-	-	**(6,161)**	**3,036,837**	**3,030,676**	-	**3,030,676**
Transfer from surplus on revaluation of property, plant and equipment - incremental depreciation for the year - net of deferred tax - note 19.3	-	-	(74,645)	74,645	-	-	-
	-	-	**(74,645)**	**74,645**	-	-	-
As at June 30, 2018	**923,591**	**309,643**	**821,982**	**16,551,410**	**17,683,035**	**1,426,208**	**20,032,834**

The annexed notes 1 to 51 form an integral part of these consolidated financial statements.

Muhammad Sohail Tabba
Chairman / Director

Asif Jooma
Chief Executive

Muhammad Abid Ganatra
Chief Financial Officer

1 Status and Nature of Business

The Group consists of:

- ICI Pakistan Limited (the "Holding Company");
- ICI Pakistan PowerGen Limited ("PowerGen");
- Cirin Pharmaceuticals (Private) Limited ("Cirin"); and
- Nutrico Morinaga (Private) Limited ("NutriCo Morinaga").

The Holding Company is incorporated in Pakistan and is listed on The Pakistan Stock Exchange Limited.

PowerGen is incorporated in Pakistan as an unlisted public company and is a wholly owned subsidiary company of ICI Pakistan Limited.

Cirin is incorporated in Pakistan as a private limited company and is a wholly owned subsidiary company of ICI Pakistan Limited.

NutriCo Morinaga is incorporated in Pakistan as a private limited company. ICI Pakistan Limited has 51% ownership in NutriCo Morinaga.

The Holding Company is engaged in the manufacture of polyester staple fibre, POY chips, soda ash, specialty chemicals, sodium bicarbonate and polyurethanes; marketing of seeds, toll manufactured and imported pharmaceuticals and animal health products; and merchanting of general chemicals. It also acts as an indenting agent and toll manufacturer.

PowerGen is engaged in generating, selling and supplying electricity to the Company.

Cirin is engaged in manufacturing and sale of pharmaceutical products.

Nutrico Morinaga is engaged in manufacturing of infant milk powder.

The Holding Company's registered office is situated at 5 West Wharf, Karachi.

2 Summary of significant transactions and events occurred during the year

Following is the summary of significant transaction and events that have affected the financial position and performance of the Group

- 75,000 tons per annum Soda Ash expansion (Phase 1 of the planned 150,000 TPA expansion) has come online. Subsequently to this addition nameplate capacity of Soda Ash plant now stands at 425,000 TPA - note 40

- The Agri Division has now become a part of the Chemical Business and is now known as the Chemical & Agri Sciences Business - note 27.9

- Acquisition of certain assets and brands of Wyeth Pakistan Limited and production began at newly acquired Hawkesbay plant - note 5

- Approval for the new injectable (sterile) section at the Animal Health manufacturing facility was obtained from the Central Licensing Board

- Construction of the Masterbatch manufacturing facility is progressing as per plan to enhance the portfolio of Chemical & Agri Sciences Business

- Ban on import and marketing of recombinant bovine somatotropin (rbST) injections (FDA approved product) from Supreme Court through Suo moto action

- Adoption of Companies Act, 2017 - note 3.1

3 Summary of significant accounting policies

3.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for financial reporting. The accounting and reporting standards as applicable in Pakistan comprise of International Financial Reporting Standards (IFRS), issued by International Accounting Standard Board (IASB) as notified under Companies Act, 2017 (the Act) and, provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ from the IFRS standards, the provisions of and directives issued under the Act have been followed.

The Act has also brought certain changes with regard to the preparation and presentation of these consolidated financial statements. These changes, amongst others, included change in respect of presentation and measurement of surplus on revaluation of property plant and equipment as fully explained in note 3.5 of these consolidated financial statements, change in nomenclature of primary statements. Further, the disclosure requirements contained in the fourth schedule of the Act have been revised, resulting in elimination of duplicative disclosure with the IFRS disclosure requirements and incorporation of additional amended disclosures including, but not limited to, particulars of immovable assets of the Group (refer note 6.5), management assessment of sufficiency of tax provision in the consolidated financial statements (refer note 35.2), change in threshold for identification of executives (refer note 38.5), additional disclosure requirements for related parties (refer note 4) etc.

3.2 Basis of preparation

These consolidated financial statements have been prepared under the historical cost convention, except:

a) certain classes of property, plant and equipment (i.e. freehold land, buildings on freehold and leasehold land and plant and machinery) have been measured at revalued amounts; and

b) Provision for management staff gratuity and non-management staff gratuity are stated at present value.

The preparation of consolidated financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgments and estimates made by the management that may have a significant risk of material adjustments to the consolidated financial statements in subsequent years are discussed in note 47.

3.3 Basis of consolidation

Subsidiaries are those entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);

- exposure, or rights, to variable returns from its involvement with the investee; and

- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement(s) with the other vote holders of the investee;

- rights arising from other contractual arrangements; and

- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the statement profit or loss from the date the Group gains control until the date the Group ceases to control the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition is recorded as goodwill. If the cost of acquisition is less than fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of profit or loss.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill acquired in a business combination is, on the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination. Goodwill is tested annually or whenever there is an indication of impairment exists. Impairment loss in respect of goodwill is recognised in the statement of profit or loss and is not reversed in future periods.

The assets, liabilities, income and expenses of subsidiary companies are consolidated on a line by line basis and the carrying value of investments held by the Holding Company is eliminated against the subsidiaries' shareholders' equity in these consolidated financial statements.

All intra-group transactions, balances, income, expenses and unrealised gains and losses on transactions between Group companies are eliminated in full.

Subsidiaries have same reporting period as that of the Holding Company. The accounting policies of subsidiaries have been changed to confirm with accounting policies of the Group, where ever needed.

3.4 Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investment in its associate is accounted for using the equity method of accounting. Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised or separately tested for impairment.

The Group's share of its associate's post-acquisition profits or losses is recognised in the statement of profit or loss, and its share of profit of post-acquisition movements in reserve is recognised in consolidated reserves. The cumulative post-acquisition movements are adjusted against the investment. When the Group's share of losses in the associate equals or exceeds its interest in associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the statement of profit or loss.

3.5 Property, plant and equipment and depreciation

Property, plant and equipment (except freehold land, buildings on freehold and leasehold land and plant and machinery) are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land, buildings on freehold and leasehold land and plant and machinery are stated at revalued amounts less subsequent accumulated depreciation and subsequent impairment losses, if any. Capital work-in-progress is stated at cost less impairment, if any. Cost of certain property, plant and equipment comprises historical cost. Such cost includes the cost of replacing parts of the property, plant and equipment and the cost of borrowings for long-term construction projects, if the recognition criteria is met.

A revaluation surplus is recorded in consolidated statement of other comprehensive income (OCI) and credited to the asset revaluation surplus in equity. However, the increase is recorded in the consolidated statement of profit or loss to the extent it reverses a revaluation deficit of the same asset previously. A decrease as a result of revaluation is recognised in the consolidated statement of profit or loss however, a decrease is recorded in consolidated statement of other comprehensive income to the extent of any credit balance entry in revaluation surplus in respect of same assets.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and the depreciation based on assets original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to unappropriated profit.

Depreciation charge is based on the straight-line method whereby the cost or revalued amount of an asset is written off to consolidated statement of profit or loss over its estimated useful life after taking into account residual value, if material. The cost of leasehold land is depreciated in equal installments over the lease period. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the month of disposal.

Spare parts and servicing equipment are classified as property, plant and equipment under plant and machinery rather than store, spares and loose tools where they meet the definition of property, plant and equipment. Available for use capital spares, and servicing equipment are depreciated over their useful lives, or the remaining life of principle asset, whichever is lower.

The residual value, depreciation method and the useful lives of each part of property, plant and equipment that is significant in relation to the total cost of the asset are reviewed at each reporting date and adjusted, if appropriate.

Maintenance and normal repairs are charged to consolidated statement of profit or loss as and when incurred. Improvements are capitalised when it is probable that respective future economic benefits will flow to the Group and the cost of the item can be measured reliably. Assets replaced, if any, are derecognized.

Gains and losses on disposal of assets are taken to the consolidated statement of profit or loss, and the related surplus / deficit on revaluation of property, plant and equipment is transferred directly to unappropriated profit.

As disclosed in note 3.1 to the consolidated financial statements, the Companies Act, 2017 (the Act) became applicable for the first time for the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2018. Accordingly, the Group has also changed its accounting policy relating to presentation and measurement of surplus on revaluation of property, plant and equipment. The above change in the accounting policy has been applied retrospectively and comparative information have been restated in accordance with the requirement of International Accounting Standard (IAS) – 16 "Property, Plant and Equipment" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Due to the above change in accounting policy, the Group has presented its consolidated statement of financial position as at the beginning of the earliest comparative period i.e., July 01, 2016, and related notes in accordance with requirement of IAS 1 – Presentation of Financial Statements (Revised) (IAS 1). Had the accounting policy not been changed, the surplus on revaluation of fixed assets would have been shown as a separate line item (below equity in the consolidated statement of financial position) amounting to PKR 902.788 million and PKR 995.330 million for the year ended 30 June 2017 and 2016 respectively.

3.6 Intangible assets and amortisation

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in business combinations is their fair value at the date of acquisition.

Intangible assets with finite useful lives are amortized over useful lives and assessed for impairment whenever there is indication that the asset may be impaired. Intangible assets with indefinite lives are not amortized, but are tested for impairment annually, either individually or at the cash generated unit (CGU) level, as appropriate. The assessment of indefinite life is reviewed annually to determine whether indefinite life continues to be supportable. If not, a change in useful life from indefinite to finite is made on a prospective basis.

Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in consolidated statement of profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

3.7 Investments

Investments in subsidiaries and associate are stated at cost less provision for impairment, if any.

Other investments that are stated at available for sale are measured at fair value plus directly attributable transaction costs. For investments traded in active market, fair value is determined by reference to quoted market price and the investments for which a quoted market price is not available, or the fair value cannot be reasonably calculated, are measured at cost, subject to impairment review at each reporting date.

3.8 Stores, spares and consumables

Stores, spares and consumables are stated at the lower of weighted average cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less net estimated costs to sell, which is generally equivalent to replacement cost.

Items in transit are valued at cost comprising invoice value plus other charges incurred thereon up to the reporting date.

3.9 Stock-in-trade

Stock-in-trade is valued at the lower of weighted average cost and estimated net realisable value.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value signifies the estimated selling price in the ordinary course of business less net estimated costs of completion and sell.

Items in transit are valued at cost comprising invoice value plus other charges incurred thereon up to the reporting date.

3.10 Long term loans

Long term loans are not discounted to present value using the EIR method, less impairment, as effect of discounting, if any is immaterial.

3.11 Trade debts loans and other receivables

Trade debts and other receivables are recognised at original invoice amount less provision for doubtful debts and other receivables, if any. A provision for doubtful debts and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Bad debts are written off when identified.

3.12 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the consolidated statement of profit or loss, except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in consolidated statement of other comprehensive income, respectively.

Current

Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for current tax includes adjustments to charge for prior years, if any.

Deferred

Deferred tax is recognised using balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates of taxation. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirements of Accounting Technical Release – 27 of the Institute of Chartered Accountants of Pakistan.

The Group recognises a deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax relating to items recognised outside consolidated statement of profit or loss is recognised outside consolidated statement of profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in consolidated statement of other comprehensive income or directly in equity.

Further, the Group recognises deferred tax asset / liability on deficit / surplus on revaluation of property, plant and equipment which is adjusted against the related deficit / surplus.

3.13 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and current and deposit accounts held with banks, which are subject to insignificant risk of change. Short term finance facilities availed by the Group, which are payable on demand and form an integral part of the Group's cash management are included as part of cash and cash equivalents for the purpose of consolidated statement of cash flows.

3.14 Impairment

Financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired may include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy.

All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the consolidated statement of profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the consolidated statement of profit or loss.

Non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for asset is required then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. In determining the fair value less cost of disposal, recent market transaction are taken into account, if no such transaction can be identified appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or available fair value budgets. The group bases its impairment calculation on detailed budget and forecast calculation, which are prepared separately for each of the Group CGU to which individual assets are allocated. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit or "CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the consolidated statement of profit or loss .

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised.

3.15 Staff retirement benefits

The Group's retirement benefit plans comprise of provident funds, pensions, gratuity schemes and a medical scheme for eligible retired employees.

Defined benefit plans

The Group operates a funded pension scheme and a funded gratuity scheme for management staff. The pension and gratuity schemes are salary schemes providing pension and lump sums, respectively. Pension and gratuity schemes for management staff are invested through two approved trust funds. The Group also operates gratuity scheme for non-management staff and the pensioners' medical scheme which are unfunded. The pension and gratuity plans are final salary plans. The pensioner's medical plan reimburses actual medical expenses to pensioners as per entitlement. The Group recognises expense in accordance with IAS 19 "Employee Benefits".

An actuarial valuation of all defined benefit schemes except eligible retired employees' medical scheme is conducted every year. The valuation uses the Projected Unit Credit method. Actuarial gains and losses are recognised in full in the period in which they occur in the consolidated statement of other comprehensive income.

All past service costs are recognised at the earlier of when the amendment or curtailment occurs and when the Group has recognised related restructuring or termination benefits.

Defined contribution plans

The Group operates two registered contributory provident funds for its entire staff and a registered defined contribution superannuation fund for its management staff, who has either opted for this fund by July 31, 2004 or have joined the Group after April 30, 2004. In addition to this the Group also provides group insurance to all its employees. Contribution made to funds are recognised as expense in the period to which it relates.

Compensated absences

The Group recognises the accrual for compensated absences in respect of employees for which these are earned up to the reporting date. The accrual has been recognised on the basis of actuarial valuation.

3.16 Operating leases / ijarah contracts

Leases, other than those under Ijarah contracts, in which a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Ijarah contracts are classified as operating leases irrespective of whether significant portion of the risks and rewards of ownership are retained by lessor. Payments made under operating leases (net of any incentives received from the lessor) and Ijarah contracts are charged to the consolidated statement of profit or loss on a straight-line basis over the period of the lease.

3.17 Trade and other payables

Trade and other payables are recognised initially at fair value net of directly attributable cost whether billed or not, if any.

3.18 Borrowings and their cost

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of that asset.

3.19 Provisions

A provision is recognized in the consolidated statement of financial position when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognized as a provision reflects the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. They are reviewed at each reporting date and adjusted prospectively.

3.20 Financial liabilities

All financial liabilities are initially recognized at fair value plus directly attributable cost, if any, and subsequently measured at amortised cost.

3.21 Foreign currency translation

Transactions denominated in foreign currencies are translated to Pak Rupees, at the foreign exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are re-translated into Pak Rupees at the foreign exchange rates at the reporting date. Exchange differences are taken to the consolidated statement of profit or loss .

3.22 Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. The consolidated financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency.

3.23 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and government levies.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the customer. For those products which are often sold with a right of return, accumulated experience is used to estimate and provide for such returns at the time of sale.

Commission income is recognised on the date of shipment from suppliers.

Profit on short-term deposits is accounted for using the effective interest rate method.

Dividend income is recognised when the right to receive dividend is established.

Toll manufacturing income is recognised when services are rendered.

3.24 Financial expense and financial income

Financial expenses are recognised using the effective interest rate method and comprise foreign currency losses and markup / interest expense on borrowings.

Financial income comprises interest income on funds invested. Markup / interest income is recognised as it accrues in consolidated statement of profit or loss, using the effective interest rate method.

3.25 Dividend

Dividend distribution to the Group's shareholders is recognised as a liability in the period in which the dividends are approved. However, if these are approved after the reporting period but before the consolidated financial statements are authorised for issue, disclosure is made in the consolidated financial statements.

3.26 Segment reporting

Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Chief Executive to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Chief Executive include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, income tax assets, liabilities and related income and expenditures. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

The business segments are engaged in providing products or services which are subject to risks and rewards which differ from the risk and rewards of other segments. Segments reported are Polyester, Soda Ash, Life Sciences and Chemicals and Agri sciences, which also reflects the management structure of the Group.

3.27 Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. Derivatives qualifying for hedge accounting are accounted for accordingly whereas, derivatives that do not qualify for hedge accounting are accounted for as held for trading instruments. All changes in the fair value are recognised in the consolidated statement of profit or loss .

3.28 Off-setting

Financial assets and liabilities are offset and the net amount is reported in the consolidated financial statements only when there is, legally enforceable right to set-off the recognised amount and the Group intends either to settle on a net basis, or to realise the assets and to settle the liabilities simultaneously.

4 Details of related party of the Group

Name of related party	Basis of relationship
ICI Pakistan Management Staff Provident Fund	Common Directorship
ICI Pakistan Management Staff Gratuity Fund	Common Directorship
ICI Pakistan Management Staff Defined Contribution Superannuation Fund	Common Directorship

ICI Pakistan Non-Management Staff Provident Fund	Common Directorship
ICI Pakistan Management Staff Pension Fund	Common Directorship
ICI Pakistan Foundation	Common Directorship
Arabian Sea Country Club Limited	Equity Investment
NutriCo Pakistan (Private) Limited	Common directorship & Equity Investment 40%
Cirin Pharmaceutical (Private) Limited	Wholly owned subsidiary & Common directorship
NutriCo Morinaga (Private) Limited	Common directorship & Equity Investment 51%
Lucky Holdings Limited	Parent Company & Common directorship
Lucky Cement Limited	Ultimate Parent Company & Common directorship
Yunus Textile Mills Limited	Group Company & Common directorship
Lucky Textile Mills Limited	Group Company & Common directorship
Gadoon Textile Mills Limited	Group Company & Common directorship
Fashion Textile Mills (Private) Limited	Group Company & Common directorship
Lucky Knits (Private) Limited	Group Company & Common directorship
Pakistan Business Council	Common directorship
Oil & Gas Development Company Limited	Common directorship
Tabba Heart Institute	Group Company
Jubile Life Insurance Company Limited	Common directorship
Askari Bank Limited	Common directorship
NutriCo International (Private) Limited	Common directorship
Lucky Foods (Private) limited	Group Company & Common directorship
LCL Holdings Limited	Group Company & Common directorship
Lahore University of Management Sciences	Member of Board of Governers

5 Business combination and joint venture

On 11th August 2017, the Group acquired certain assets of Wyeth Pakistan Limited and Pfizer Pakistan Limited which constitute a business combination as per IFRS 3 Business Combinations. These assets include land, building, plant and machinery and certain other assets of Wyeth Pakistan Limited along with certain brands and registrations of Wyeth Pakistan Limited and Pfizer Pakistan Limited. The following table summarises the estimated fair values of net assets acquired:

	Amounts in PKR '000
Indicative value	
Freehold land	175,000
Building on freehold land	203,000
Plant and machinery	493,400
Vehicles	5,100
Furniture and equipment	46,700
Total non-current assets	923,200
Current assets	132,530
	1,055,730
Indicative value of intangibles:	
Brands	753,460
Goodwill	126,510
	879,970
Consideration paid in cash	1,935,700

Net turnover and operating profit before tax from the acquired business during the year ended June 30, 2018 are as follows:

Net turnover	1,651,816
Profit before tax	176,045

The aforementioned results have been reported under the Life Sciences division of the Holding Company based on the accounting policies of the Company as disclosed in these consolidated financial statements.

The management has decided to finalize the determination of valuation of assets acquired within one year from the acquisition date, which is allowed under IFRS 3 "Business Combinations" as measurement period, therefore provisional figures based on latest available information have been considered for the acquisition accounting.

The goodwill recognised is primarily attributed to the expected synergies and other benefits from combining the assets of Wyeth Pakistan Limited and Pfizer Pakistan Limited. The goodwill is not deductible for income tax purposes.

	Amounts in PKR '000	
	As at June 30, 2018	As at June 30, 2017

6 Property, plant and equipment

6.1 The following is a statement of property, plant and equipment:

	As at June 30, 2018	As at June 30, 2017
Operating fixed assets - note 6.2	**20,350,838**	15,534,162
Capital work-in-progress - note 6.9	**2,025,105**	4,424,453
	22,375,943	19,958,615

6.2 The following is a statement of operating fixed assets:

	Land Freehold (Note 6.3 and 6.4)	**Land** Leasehold	**Lime beds on freehold land**	**Buildings** On freehold land (Note 6.3 and 6.4)	**Buildings** On leasehold land	**Plant and machinery** (Note 6.3 and 6.4)	**Railway sidings**	**Rolling stock and vehicles**	**Furniture and equipment**	**Total**
					As at June 30, 2018					
Net carrying value basis										
Opening net book value (NBV)	**539,962**	**-**	**198,805**	**724,104**	**1,925,393**	**11,863,645**	**-**	**51,027**	**231,226**	**15,534,162**
Additions / transfers - note 6.2.1	**561,062**	**-**	**76,820**	**212,714**	**849,986**	**5,497,054**	**-**	**4,498**	**138,359**	**7,340,493**
Impairment *	**-**	**-**	**-**	**-**	**-**	**(48,542)**	**-**	**-**	**-**	**(48,542)**
Disposals (at NBV)	**(8,326)**	**-**	**-**	**-**	**(88)**	**(753)**	**-**	**-**	**(462)**	**(9,629)**
Depreciation charge - note 6.7	**-**	**-**	**(16,565)**	**(62,941)**	**(180,982)**	**(2,098,019)**	**-**	**(12,805)**	**(94,334)**	**(2,465,646)**
Closing net book value	**1,092,698**	**-**	**259,060**	**873,877**	**2,594,309**	**15,213,385**	**-**	**42,720**	**274,789**	**20,350,838**

* Out of this total impairment, an amount of PKR 11,783 million (June 30, 2017: nil) has been recorded in the statement of other comprehensive income as a reversal of surplus on revaluation of property, plant and equipment

Gross carrying value basis	Land Freehold	Land Leasehold	Lime beds on freehold land	Buildings On freehold land	Buildings On leasehold land	Plant and machinery	Railway sidings	Rolling stock and vehicles	Furniture and equipment	Total
Cost / Revaluation	**1,092,698**	**562,166**	**436,373**	**3,314,182**	**4,094,707**	**36,375,871**	**297**	**192,474**	**886,454**	**46,955,222**
Accumulated depreciation	**-**	**(562,166)**	**(177,313)**	**(2,440,305)**	**(1,500,398)**	**(21,162,486)**	**(297)**	**(149,754)**	**(611,665)**	**(26,604,384)**
Closing net book value	**1,092,698**	**-**	**259,060**	**873,877**	**2,594,309**	**15,213,385**	**-**	**42,720**	**274,789**	**20,350,838**
Depreciation rate % per annum	**-**	**2 to 4**	**5 to 25**	**5 to 50**	**3 to 33.33**	**3.33 to 50**	**3.33**	**10 to 33.33**	**10 to 50**	

	Land Freehold	Land Leasehold	Lime beds on freehold land	Buildings On freehold land	Buildings On leasehold land	Plant and machinery	Railway sidings	Rolling stock and vehicles	Furniture and equipment	Total
					As at June 30, 2017					
Net carrying value basis										
Opening net book value (NBV)	519,718	-	215,405	715,423	1,929,826	12,407,061	-	15,458	198,927	16,001,818
Additions / transfers - note 6.2.1	10,244	-	-	7,308	156,690	1,312,785	-	12,976	85,180	1,585,183
Acquisition through business combination	10,000	-	-	57,117	-	96,493	-	32,312	21,473	217,395
Disposals (at NBV)	-	-	-	-	-	-	-	(2,464)	(39)	(2,503)
Depreciation charge - note 6.7	-	-	(16,600)	(55,744)	(161,123)	(1,952,694)	-	(7,255)	(74,315)	(2,267,731)
Closing net book value	539,962	-	198,805	724,104	1,925,393	11,863,645	-	51,027	231,226	15,534,162
Gross carrying value basis										
Cost / Revaluation	539,962	562,166	359,553	3,101,469	3,246,384	30,923,952	297	187,976	798,323	39,720,082
Accumulated depreciation	-	(562,166)	(160,748)	(2,377,365)	(1,320,991)	(19,060,307)	(297)	(136,949)	(567,097)	(24,185,920)
Closing net book value	539,962	-	198,805	724,104	1,925,393	11,863,645	-	51,027	231,226	15,534,162
Depreciation rate % per annum		2 to 4	5 to 25	5 to 50	3 to 33.33	3.33 to 50	3.33	10 to 33.33	10 to 50	

	As at June 30, 2018	As at June 30, 2017
6.2.1 Additions to plant and machinery include transfer from capital work-in-progress which includes borrowing cost for various projects determined using capitalization rate of 6.27% (June 30, 2017: nil) amounting to:	**220,952**	-

6.2.2 Operating fixed assets include the following major spare parts and stand by equipment having:

Cost	**505,796**	421,239
Net book value	**179,223**	139,332

6.3 Subsequent to revaluation on October 1, 1959, September 30, 2000, December 15, 2006 and December 31, 2011 which had resulted in a surplus of PKR 14.207 million, PKR 1,569.869 million, PKR 704.752 million and PKR 848.191 million respectively as at June 30, 2016 further revaluation was conducted resulting in revaluation surplus net of deferred tax liability of PKR 340.721 million. The valuation was conducted by an independent valuer. Valuations for plant and machinery and building were based on the estimated gross replacement cost, depreciated to reflect the residual service potential of the assets taking account of the age, condition and obsolescence. Land was valued on the basis of fair market value. The fair value of the assets subject to revaluation model fall under level 2 of fair value hierarchy (i.e. significant observable inputs).

6.4 Forced sale value as per the last revaluation report as of June 30, 2016 - note 6.4.1

Asset Class	**Forced Sale Value**
Freehold land	392,164
Limebeds on freehold land	579,573
Building on freehold land	982,684
Building on leasehold land	93,829
Plant & Machinery	8,056,593
Total	**10,104,843**

6.4.1 The above amount does not contain assets which are capitalized from July 1, 2016 to June 30, 2018.

6.5 Particulars of immovable assets of the Group

Location	**Addresses**	**Usage of immovable property**	**Covered Area (sq.ft)**
Karachi	ICI House 5 West Wharf Karachi 74000	Head Office and Production Plant	117,619
	S-33, Hawksbay road, S.I.T.E 75730	Production Plant	11,500
Lahore	ICI House 63 Mozang Road Lahore 54000	Regional Office	28,454
	30-Km, Sheikhupura road Lahore	Production Plant	1,928,910
	45-Km, Off Multan Road Lahore	Production Plant	14,601
Khewra	ICI Soda Ash, Tehsil Pind, Dadan Khan, District Jhelum	Regional Office and Production Plant	2,744,404
Haripur	Plot No.32/2A Phase III, Industrial Estate Hattar District Haripur	Production Plant	39,916

Amounts in PKR '000

6.6 Plant and machinery including equipment held with Searle Pakistan Limited for toll manufacturing is as follows:

	As at June 30, 2018	As at June 30, 2017
Cost	**9,392**	9,242
Net book value	**3,559**	4,160

6.7 The depreciation charge for the year has been allocated as follows:

	For the year ended June 30, 2018	For the year ended June 30, 2017
Cost of sales - note 29	**2,390,128**	2,204,798
Selling and distribution expenses - note 30	**37,981**	29,665
Administration and general expenses - note 31	**36,993**	33,268
	2,465,102	2,267,731

6.7.1 Depreciation charge is inclusive of the incremental depreciation due to revaluation.

6.8 Had there been no revaluation, the net book value of specific classes of property, plant and equipment would have amounted to:

Net book value		
Freehold land	**754,721**	201,985
Buildings	**3,184,880**	2,366,191
Plant and machinery	**14,365,453**	11,015,713
	18,305,054	13,583,889

6.9 Capital work-in-progress comprises of:

	As at June 30, 2018	As at June 30, 2017
Civil works and buildings	**670,344**	715,276
Plant and machinery	**578,076**	2,924,642
Miscellaneous equipment	**132,225**	232,344
Advances to suppliers / contractors	**571,110**	294,290
Designing, consultancy and engineering fee	**73,350**	257,901
	2,025,105	4,424,453

6.9.1 This includes interest charged in respect of long-term loans obtained for various projects determined using capitalization rate of 6.63% (June 30, 2017: 5.57%) amounting to: **145,868** 69,586

6.9.2 The following is the movement in capital work-in-progress during the year:

	2018	2017
Balance at the beginning of the year	**4,424,453**	1,162,951
Acquisition through business combination		305
Additions during the year	**3,911,542**	4,756,813
	8,335,995	5,920,069
Transferred to operating fixed assets during the year	**(6,310,890)**	(1,495,616)
Balance at the end of the year	**2,025,105**	4,424,453

6.10 Details of operating fixed assets disposal having net book value in excess of PKR 500,000 are as follows:

	For the year ended June 30, 2018							
	Mode of sale	**Cost / Revalued Amount**	**Accumulated depreciation**	**Net book value**	**Sale proceeds**	**Gain / Loss**	**Relationship of purchaser with the Group**	**Particulars of buyer**
Gas turbine	Scrap	3,995	3,337	658	1,500	842	Third party	Engro Polymer & Chemicals Limited

Note: There was no disposal having net book value in excess of PKR 500,000 during the year ended June 30, 2017

Amounts in PKR '000

7 Intangible assets

Net carrying value basis	Goodwill	Brands	Software	Licenses	Total
			As at June 30, 2018		
Opening net book value (NBV)	**79,864**	**684,219**	**9,311**	**9,962**	**783,356**
Additions / transfers	**126,510**	**753,460**	**2,174**	**31,711**	**913,855**
Amortisation charge - note 7.2	-	-	**(5,742)**	**(3,092)**	**(8,834)**
Closing net book value	**206,374**	**1,437,679**	**5,743**	**38,581**	**1,688,377**
Gross carrying amount					
Cost	**206,374**	**1,437,679**	**186,376**	**236,868**	**2,067,297**
Accumulated amortisation	-	-	**(180,633)**	**(198,287)**	**(378,920)**
Closing net book value	**206,374**	**1,437,679**	**5,743**	**38,581**	**1,688,377**
Amortisation rate % per annum	-	-	**20**	**20 to 50**	
			As at June 30, 2017		
Net carrying value basis					
Opening net book value (NBV)	-	-	6,530	9,930	16,460
Additions / transfers	-	-	4,795	5,204	9,999
Acquisition through business combination - note 7.1	79,864	684,219	-	-	764,083
Amortisation charge - note 7.2	-	-	(2,014)	(5,172)	(7,186)
Closing net book value	79,864	684,219	9,311	9,962	783,356
Gross carrying amount					
Cost	79,864	684,219	184,202	205,157	1,153,442
Accumulated amortisation	-	-	(174,891)	(195,195)	(370,086)
Closing net book value	79,864	684,219	9,311	9,962	783,356
Amortisation rate % per annum	-	-	20	20 to 50	

7.1 These have been recognized on the acquisition certain assets of Wyeth Pakistan Limited and Pfizer Pakistan Limited which constitute a business combination as per IFRS 3 Business Combinations. Moreover, for comparative figure these include the acquisition of Cirin Pharmaceuticals (Private) Limited by the Holding Company. These intangible assets have been treated as having an indefinite useful life because it is expected to contribute to net cash flows indefinitely based on the analysis of various economic factors prepared by management of the Group which indicated that there is no limit to the period these assets would contribute to the net cash inflows and, consequently, the said intangibles will not be amoritsed until their useful life is determined to be finite. However these intangible assets will be tested for impairment annually.

	For the year ended June 30, 2018	For the year ended June 30, 2017
7.2 The amortisation charge for the year has been allocated as follows:		
Cost of sales - note 29	**1,556**	1,266
Selling and distribution expenses - note 30	**569**	463
Administration and general expenses - note 31	**6,709**	5,457
	8,834	7,186
	-	-

8 Long-term investments

Unquoted at equity method		
Associate		
- NutriCo Pakistan (Private) Limited 40% ownership		
200,000 ordinary shares of PKR 1,000 each and premium of PKR 3,800 per share	**960,000**	960,000
Post acquisition profits at the beginning	**4,036**	1,167
Share of profit for the year	**585,968**	670,869
Dividend received	**(420,000)**	(668,000)
Carrying value of associate	**1,130,004**	964,036
Others - at cost		
Equity security available-for-sale		
- Arabian Sea Country Club Limited		
250,000 ordinary shares (June 30, 2017: 250,000) of PKR 10 each	**2,500**	2,500
	1,132,504	966,536

Investment in an associate has been made in accordance with the requirements of Act.

Amounts in PKR '000

		As at June 30, 2018 (Audited)	As at June 30, 2017 (Audited)
8.1	The summary of financial information of an associate as at the reporting date is as follows:		
	Total assets	**5,159,026**	4,118,366
	Total liabilities	**2,334,452**	1,698,711
	Total equity and reserves	**2,824,574**	2,419,655
	Turnover	**10,116,220**	7,909,462
	Profit for the year	**1,464,919**	1,677,172

9	**Long-term loans**		
	Considered good - secured		
	Due from executives and employees - note 9.1	**443,791**	382,421

9.1 Due from executives and employees

	Motor Vehicle	House building	Total	Total
Due from executives - note 9.2 and 9.3	**62,771**	**62,033**	**124,804**	103,209
Receivable within one year	**(7,159)**	**(28,484)**	**(35,643)**	(29,562)
	55,612	**33,549**	**89,161**	73,647
Due from employees - note 9.3			**449,522**	405,579
Receivable within one year			**(94,892)**	(96,805)
			354,630	308,774
			443,791	382,421
Outstanding for period:				
- less than three years but over one year			**142,960**	123,191
- more than three years			**300,831**	259,230
			443,791	382,421

9.2 Reconciliation of the carrying amount of loans to executives:

Balance at the beginning of the year	**103,209**	90,731
Acquired through business combination	**-**	6,150
Disbursements during the year	**79,479**	53,391
Received during the year	**(57,884)**	(47,063)
Balance at the end of the year	**124,804**	103,209

9.3 Loans for purchase of motor cars and house building are repayable between two to ten years. These loans are interest free and granted to the employees, including executives of the Group, in accordance with their terms of employment.

		As at June 30, 2018	As at June 30, 2017
10	**Long-term deposits and prepayments**		
	Deposits	**37,818**	30,057
	Prepayments	**5,784**	8,570
		43,602	38,627
11	**Stores, spares and consumables**		
	Stores - note 11.1	**54,906**	158,788
	Spares - note 11.1	**899,832**	863,104
	Consumables	**127,131**	132,473
		1,081,869	1,154,365
	Provision for slow moving and obsolete stores and spares - note 11.2	**(135,227)**	(142,984)
		946,642	1,011,381
11.1	The above amounts include stores and spares in transit:	**37,520**	130,851

		Amounts in PKR '000	
		As at June 30, 2018	As at June 30, 2017
11.2	Movement of provision for slow moving and obsolete stores and spares is as follows:		
	Balance at the beginning of the year	**142,984**	168,218
	Charge for the year - note 31	**3,171**	-
	Write-off during the year	**(10,928)**	(25,234)
	Balance at the end of the year	**135,227**	142,984
12	**Stock-in-trade**		
	Raw and packing material include in-transit PKR 1,879.507 million (June 30, 2017: PKR 871.195 million) - note 12.3	**4,689,153**	2,574,275
	Work-in-process	**101,131**	110,090
	Finished goods include in-transit PKR 20.798 million (June 30, 2017: PKR 6.318 million)	**4,238,874**	3,294,595
		9,029,158	5,978,960
	Provision for slow moving and obsolete stock-in-trade - note 12.1		
	- Raw materials	**(16,239)**	(3,988)
	- Finished goods	**(2,285)**	(61,071)
		(18,524)	(65,059)
		9,010,634	5,913,901
12.1	Movement of provision for slow moving and obsolete stock-in-trade is as follows:		
	Balance at the beginning of the year	**65,059**	131,941
	Charge for the year - note 31	**(8,852)**	63,729
	Write-off during the year	**(37,683)**	(130,611)
	Balance at the end of the year	**18,524**	65,059

12.2 Stock amounting to PKR 2,399.087 million (June 30, 2017: PKR 734.965 million) is measured at net realisable value and expense amounting to PKR 160.810 million (June 30, 2017: PKR 25.648 million reversal) has been realized in cost of sales.

12.3	Raw and packing materials held with various toll manufacturers:		
	Searle Pakistan Limited	**246,512**	111,841
	Maple Pharmaceutical (Private) Limited	**-**	984
	EPLA Laboratories (Private) Limited	**-**	7,770
	Breeze Pharma (Private) Limited	**6,259**	10,140
	Nova Med Pharmaceuticals	**51,926**	11,685
	BioGenics	**-**	115
	Others	**12,223**	10,287
		316,920	152,822
13	**Trade debts**		
	Considered good		
	- Secured	**384,180**	392,527
	- Unsecured		
	Due to associated companies - note 13.1 and 13.2	**17,641**	4,405
	Others	**2,669,703**	2,706,580
		3,071,524	3,103,512
	Considered doubtful - note 13.3	**219,903**	88,944
		3,291,427	3,192,456
	Provision for:		
	- Doubtful debts - note 13.3, 44.4 and 44.6	**(219,903)**	(88,944)
	- Price adjustments / discounts	**(353,404)**	(513,634)
		(573,307)	(602,578)
		2,718,120	2,589,878

13.1 The above balances include amounts due from the following associated undertakings which are neither past due nor impaired as of the reporting date:

Unsecured		
Lucky Knits Private Limited	**-**	528
Lucky Foods (Private) limited	**1,106**	155
Yunus Textile Mills Limited	**14,766**	1,847
Lucky Textile Mills Limited	**1,755**	1,861
Oil & Gas Development Company Limited	**14**	14
	17,641	4,405

Amounts in PKR '000

		As at June 30, 2018	As at June 30, 2017
13.2	The maximum amount outstanding at any time during the year calculated by refernece to month end balances are as follows.		
	Unsecured		
	Lucky Knits (Private) Limited	**-**	844
	Lucky Foods (Private) limited	**1,106**	417
	Yunus Textile Mills Limited	**17,232**	11,351
	Lucky Textile Mills Limited	**1,777**	2,361
	Oil & Gas Development Company Limited	**14**	14
		20,129	14,987
13.3	**Provision for doubtful debts**		
	Balance at the beginning of the year	**88,944**	43,955
	Charge for the year	**133,910**	44,989
	Write-off during the year	**(2,951)**	-
	Balance at end of the year	**219,903**	88,944
14	**Loans and advances**		
	Considered good		
	Loans due from:		
	Executives - note 14.1	**35,643**	29,562
	Employees	**94,892**	96,805
		130,535	126,367
	Advances to:		
	Executives	**9,670**	3,628
	Employees	**15,695**	15,730
	Related Parties - note 14.2 & 14.3	**-**	22,470
	Contractors and suppliers	**393,113**	272,092
	Others	**3,739**	1,698
		422,217	315,618
		552,752	441,985
	Considered doubtful	**27,254**	-
		580,006	441,985
	Provision for doubtful loans and advances - note 44.4 and 44.6	**(27,254)**	-
		552,752	441,985
14.1	The maximum amount outstanding at any time during the year calculated by reference to month end balances are as follows.	**37,246**	33,747
14.2	The above balances inculde advances to related parties amounting to:		
	Pakistan Cables Limited	**-**	20,853
	Lucky Cement Limited	**-**	1,617
		-	22,470
14.3	The maximum amount outstanding at any time during the year calculated by refernece to month end balances are as follows.		
	Pakistan Cables Limited	**-**	25,741
	Lucky Cement Limited	**-**	3,623
		-	29,364
15	**Trade deposits and short-term prepayments**		
	Trade deposits	**221,008**	148,718
	Short-term prepayments	**101,486**	428,708
		322,494	577,426

Amounts in PKR '000

		As at June 30, 2018	As at June 30, 2017
16	**Other receivables**		
	Considered good		
	Duties, sales tax and octroi refunds due	**1,027,758**	986,290
	Commission and discounts receivable	**94,849**	42,834
	Due from associated company - note 16.1 and 16.2	**17,415**	164,000
	Receivable from principal - note 16.3	**102,813**	209,114
	Others	**255,331**	215,632
		1,498,166	1,617,870
	Considered doubtful	**24,320**	5,055
		1,522,486	1,622,925
	Provision for doubtful receivables - note 16.4	**(24,320)**	(5,055)
		1,498,166	1,617,870

16.1 Due from related parties which are neither past due nor impaired includes the following:

NutriCo Pakistan (Private) Limited	**17,415**	164,000

16.2 The maximum amount outstanding at any time during the year calculated by reference to month end balances are as follows.

NutriCo Pakistan (Private) Limited	**179,999**	164,000

16.3 This includes receivable from a foreign vendor in relation to margin support guarantee:	**66,581**	128,527

16.4	**Movement of provision for doubtful receivables**		
	Balance at the beginning of the year	**5,055**	1,622
	Charge for the year	**22,699**	3,433
	Write-off during the year	**(3,434)**	-
	Balance at the end of the year	**24,320**	5,055

17	**Cash and bank balances**		
	Cash at bank:		
	- Short-term deposits - note 17.1	**101,037**	279,350
	- Current accounts	**130,200**	37,937
	- Saving accounts - note 17.2	**1,449,092**	943,518
	Cash in hand	**7,022**	5,659
		1,687,351	1,266,464

17.1 Represent security deposits from customers that are placed with various banks at pre-agreed rate maturing at various dates. These are interest based arrangements. The mark-up percentage on these deposits during the year was ranging from 5.00% to 7.00% (June 30, 2017: 5.50% to 6.50%) and these term deposits are readily encashable without any penalty.

17.2 This amount pertains to the initial investment of NutriCo Morinaga which is held for the purpose of construction of plant.

Amounts in PKR '000

18 Issued, subscribed and paid-up capital

As at June 30, 2018	As at June 30, 2017		As at June 30, 2018	As at June 30, 2017
(Numbers)				
83,734,062	83,734,062	Ordinary shares of PKR 10 each fully paid in cash	**837,341**	837,341
211,925	211,925	Ordinary shares of PKR 10 each issued as fully paid for consideration other than cash under scheme of arrangement for amalgamation - (note 18.1)	**2,119**	2,119
16,786	16,786	Ordinary shares of PKR 10 each issued as fully paid bonus shares	**168**	168
8,396,277	8,396,277	Ordinary shares issued pursuant to the previous scheme as fully paid for consideration of investment in associate (note 18.2)	**83,963**	83,963
92,359,050	92,359,050		**923,591**	923,591

18.1 The process for amalgamation of three companies namely Paintex Limited, ICI Pakistan Manufacturers Limited and Imperial Chemical Industries Limited resulted in a new company as ICI Pakistan Limited on April 01, 1987.

18.2 With effect from October 01, 2000, the Pure Terephthalic Acid (PTA) business of the Company was demerged under a scheme of arrangement dated December 12, 2000 approved by the shareholders and sanctioned by the High Court of Sindh.

18.3 As at June 30, 2018, the Parent Company together with Gadoon Textile Mills Limited and Lucky Textile Mills Limited held 86.14% (June 30, 2017: 86.14%) while institutions held 5.46% (June 30, 2017: 5.73%) and individuals, others held the balance of 8.40% (June 30, 2017: 8.13%) Voting rights, board selection, right of first refusal and block voting are in proportion to their shareholding.

19 Capital reserves

	2018	2017
Share premium - note 19.1	**309,057**	309,057
Capital receipts - note 19.2	**586**	586
	309,643	309,643
Surplus on revaluation of property, plant and equipment - note 19.3	**821,982**	902,788

19.1 Share premium includes the premium amounting to PKR 0.902 million received on shares issued for the Holding Company's Polyester Plant installation in 1980 and share premium of PKR 308.982 million representing the difference between nominal value of PKR 10 per share of 8,396,277 ordinary shares issued by the Holding Company and the market value of PKR 392.958 million of these shares corresponding to 25% holding acquired in Lotte Pakistan PTA Limited, an ex-associate, at the date of acquisition i.e. November 2, 2001 and the number of shares that have been issued were determined in accordance with the previous scheme in the ratio between market value of the shares of two companies based on the mean of the middle market quotation of the Karachi Stock Exchange now Pakistan Stock Exchange (Limited) over the ten trading days between October 22, 2001 to November 2, 2001.

19.2 Capital receipts represent the amount received from various ICI plc group companies overseas for the purchase of property, plant and equipment. The remitting companies have no claim to their repayments.

19.3 Surplus on revaluation of property, plant and equipment

	2018	2017
Balance at the beginning of the year	**902,788**	995,330
Adjustment due to change in tax rate - note 22.1	**5,622**	11,611
Transferred to unappropriated profit in respect of incremental depreciation during the year - net of deferred tax	**(74,645)**	(104,153)
Reversal of surplus on revaluation of property, plant and equipment	**(11,783)**	-
Balance at the end of the year	**821,982**	902,788

Amounts in PKR '000

		As at June 30, 2018	As at June 30, 2017
20	**Provisions for non-management staff gratuity**	**125,586**	115,030

20.1 Staff retirement benefits

	2018				2017			
	Funded			Unfunded	Funded			Unfunded
	Pension	Gratuity	Total		Pension	Gratuity	Total	
20.1.1 The amounts recognised in the statement of profit or loss against defined benefit schemes are as follows:								
Current service cost	**14,219**	**43,075**	**57,294**	**7,461**	13,653	42,966	56,619	4,503
Interest cost	**75,757**	**47,238**	**122,995**	**8,507**	74,207	47,820	122,027	7,116
Expected return on plan assets	**(101,796)**	**(44,941)**	**(146,737)**	**-**	(106,856)	(42,640)	(149,496)	-
Past service cost / (reversal)	**-**	**-**	**-**	**-**	-	-	-	-
Net (reversal) / charge for the year	**(11,820)**	**45,372**	**33,552**	**15,968**	(18,996)	48,146	29,150	11,619
Other comprehensive income:								
Loss on obligation	**18,044**	**4,939**	**22,983**	**5,611**	142,055	22,379	164,434	9,903
Gain on plan assets	**203,064**	**86,175**	**289,239**	**-**	(60,949)	(39,238)	(100,187)	-
Net (gain) / loss	**221,108**	**91,114**	**312,222**	**5,611**	81,106	(16,859)	64,247	9,903
20.1.2 Movement in the net assets / (liability) recognised in the statement of financial position are as follows:								
Opening balance	**359,163**	**(64,777)**	**294,386**	**(115,030)**	421,273	(100,175)	321,098	(90,867)
Acquired through business combination	**-**	**-**	**-**	**-**	-	-	-	(12,759)
Net reversal / (charge) - note 20.1.1	**11,820**	**(45,372)**	**(33,552)**	**(15,968)**	18,996	(48,146)	(29,150)	(11,619)
Other comprehensive income / (loss)	**(221,108)**	**(91,114)**	**(312,222)**	**(5,611)**	(81,106)	16,859	(64,247)	(9,903)
Contributions / payments during the year	**-**	**66,196**	**66,196**	**11,023**	-	66,685	66,685	10,118
Closing balance	**149,875**	**(135,067)**	**14,808**	**(125,586)**	359,163	(64,777)	294,386	(115,030)
20.1.3 The amounts recognised in the statement of financial position are as follows:								
Fair value of plan assets - note 20.1.5	**1,234,794**	**573,038**	**1,807,832**	**-**	1,472,114	625,476	2,097,590	-
Present value of defined benefit obligation - note 20.1.4	**(1,084,919)**	**(708,105)**	**(1,793,024)**	**(125,586)**	(1,112,951)	(690,253)	(1,803,204)	(115,030)
Net asset / (liability)	**149,875**	**(135,067)**	**14,808**	**(125,586)**	359,163	(64,777)	294,386	(115,030)

The recognized asset / liability of funded gratuity is netted off against recognized asset / liability of funded pension and recorded accordingly.

	2018				2017			
	Pension	Gratuity	Total	Unfunded	Pension	Gratuity	Total	Unfunded
20.1.4 Movement in the present value of defined benefit obligation:								
Opening balance	**1,112,951**	**690,253**	**1,803,204**	**115,030**	1,031,992	656,966	1,688,958	90,867
Acquired through business combination	**-**	**-**	**-**	**-**	-	-	-	12,759
Current service cost	**14,219**	**43,075**	**57,294**	**7,461**	13,653	42,966	56,619	4,503
Interest cost	**75,757**	**47,238**	**122,995**	**8,507**	74,207	47,820	122,027	7,116
Benefits paid	**(136,052)**	**(77,400)**	**(213,452)**	**(11,023)**	(148,956)	(79,878)	(228,834)	(10,118)
Actuarial loss / (gain)	**18,044**	**4,939**	**22,983**	**5,611**	142,055	22,379	164,434	9,903
Past service cost / (reversal)	**-**	**-**	**-**	**-**	-	-	-	-
Closing balance	**1,084,919**	**708,105**	**1,793,024**	**125,586**	1,112,951	690,253	1,803,204	115,030
20.1.5 Movement in the fair value of plan assets:								
Opening balance	**1,472,114**	**625,476**	**2,097,590**	**-**	1,453,265	556,791	2,010,056	-
Expected return	**101,796**	**44,941**	**146,737**	**-**	106,856	42,640	149,496	-
Contributions	**-**	**66,196**	**66,196**	**-**	-	66,685	66,685	-
Benefits paid	**(136,052)**	**(77,400)**	**(213,452)**	**-**	(148,956)	(79,878)	(228,834)	-
Actuarial gain	**(203,064)**	**(86,175)**	**(289,239)**	**-**	60,949	39,238	100,187	-
Closing balance - note 20.1.7	**1,234,794**	**573,038**	**1,807,832**	**-**	1,472,114	625,476	2,097,590	-

20.1.6 Historical information

	June 30				
	2018	2017	2016	2015	2014
Present value of defined benefit obligation	**1,918,610**	1,918,234	1,779,825	1,627,079	1,627,920
Fair value of plan assets	**(1,807,832)**	(2,097,590)	(2,010,056)	(1,837,607)	(1,654,533)
Net (asset) / liability	**110,778**	(179,356)	(230,231)	(210,528)	(26,613)

20.1.7 Major categories / composition of plan assets are as follows:

	2018	2017
Debt instruments	**65.34%**	60.69%
Equity at market value	**25.36%**	32.49%
Cash / Others	**9.30%**	6.82%

Fair value of plan asset

Investment	**Pension**	**Gratuity**	Pension	Gratuity
	As at June 30, 2018		As at June 30, 2017	
National savings deposits	**-**	**-**	41,041	18,655
Government bonds	**834,644**	**347,016**	872,860	339,892
Mutual Funds	**70,769**	**42,815**	72,440	46,150
Shares	**317,201**	**140,990**	476,763	205,390
Cash	**12,180**	**42,217**	9,010	15,389
Total	**1,234,794**	**573,038**	1,472,114	625,476

Mortality of active employees and pensioners is represented by the LIC (96-98) table. The table has been rated down three years for mortality of female pensioners and widows.

	2018	2017
Actual return on plan assets during the year.	**(142,502)**	351,691

20.1.8 **The principal actuarial assumptions at the reporting date were as follows:**

	Amounts in PKR '000	
	2018	**2017**
Discount rate	**8.75%**	**7.25%**
Future salary increases - Management	**6.50%**	**5.00%**
Future salary increases - Non - Management	**4.25%**	**2.75%**
Future pension increases	**3.75%**	**2.25%**

20.1.9 **Impact of changes in assumptions on defined benefit scheme Is as follows:**

Assumption	**1% Increase**	**1% Decrease**
Discount rate	**(90,134)**	**(88,708)**
Salary increase	**68,209**	**70,404**
Pension increase	**34,993**	**35,914**

	As at June 30, 2018 (Unaudited)	As at June 30, 2017 (Audited)
20.1.10 **During the year, the Group contributed in the fund as follows:**		
Provident fund	**109,694**	95,992
Defined contribution superannuation fund	**88,044**	76,728
20.2 **Provident fund**		
Size of the fund (net assets)	**1,602,631**	1,750,080
Cost of investments made (actual investment made)	**1,520,089**	1,520,089
Percentage of investments made (cost of investments)	**95%**	87%
Fair value of investments	**1,521,356**	1,693,159

20.2.1 **Break-up of Investments of provident fund**

Break-up of investments in terms of amount and percentage of the size of the provident fund are as follows:

	As at June 30, 2018 (Unaudited)		As at June 30, 2017 (Audited)	
On fair value	**Investments**	**% of investment as size of the fund**	Investments	% of investment as size of the fund
Cash	**232,091**	**15%**	64,669	4%
Pakistan Investment Bonds	**675,754**	**44%**	1,078,682	64%
Treasury Bill	**289,698**	**19%**	33,348	2%
Regular Income Certificates	**-**	**0%**	21,713	1%
Mutual Funds	**34,213**	**2%**	61,838	4%
Shares	**279,000**	**18%**	432,909	26%
Term Finance Certificates	**10,600**	**1%**	-	0%
	1,521,356	**100%**	1,693,159	100%

20.3 Investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

	As at June 30, 2018	As at June 30, 2017
21 **Long-term loans**	**8,243,012**	4,919,478
Loans from banking companies / financial institutions		
Interest based arrangement - note 21.1		
Long-term finance facility	**2,567,208**	1,960,331
Other long-term loan	**5,633,333**	2,593,333
Shariah compliant		
Islamic term finance - note 21.1 and 21.2	**1,009,515**	1,013,481
	9,210,056	5,567,145
Current portion shown under current liabilities	**(967,044)**	(647,667)
	8,243,012	4,919,478

21.1 Represents the long term loans availed from various banks. These loans are secured against fixed assets of Soda Ash Business and Polyester Business amounting to PKR 2,500 million and PKR 11,900 million respectively. The markup on LTTF ranges from SBP Rate + 0.3% to 0.5% and on other long term loans from 6 months KIBOR + 0.05% to 3 months KIBOR + 0.25%. The profit rate on Islamic term finance is 6 months KIBOR + 0.05%. The markup is payable on quarterly and semi annual basis.

21.2 The Group had obtained diminishing Musharaka financing facilities for vehicles aggregating to PKR 17.38 million from First Habib Modaraba for periods ranging from 3 to 5 years, carrying mark-up at the rate of 6 months KIBOR plus 2.25 percent, per annum, with a floor of 8.25 percent and ceiling of 20 percent. The Musharaka units are to be purchased during the said periods in monthly installments, latest payment due by August 2021. Following are the pertinent details of these facilities.

Amounts in PKR '000

	As at June 30, 2018			As at June 30, 2017		
	Opening	Charge / (Reversal)	Closing	Opening	Charge / (Reversal)	Closing
22 Deferred tax liability - net						
Deductible temporary differences						
Provisions for retirement benefits, doubtful debts and others	(273,718)	17,776	(255,942)	(239,276)	(34,442)	(273,718)
Retirement funds provisions	(37,718)	(74,664)	(112,382)	(19,491)	(18,227)	(37,718)
Minimum Tax	-	(57,147)	(57,147)	-	-	-
Taxable temporary differences						
Property, plant and equipment - note 22.1	1,536,518	792,047	2,328,565	1,689,556	(153,038)	1,536,518
	1,225,082	678,012	1,903,094	1,430,789	(205,707)	1,225,082

22.1 Charge during the year includes amount adjusted in surplus on revaluation of property, plant and equipment on account of change in tax rate of:	5,622	11,611

23 Liabilities subject to finance lease

	As at June 30, 2018		As at June 30, 2017	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Within one year	828	822	2,198	2,009
After one year but not more than five years	-	-	826	799
Total minimum lease payments	828	822	3,024	2,808
Finance charges allocated to future periods	(6)	-	(216)	-
Present value of minimum lease payments - note 23.1	822	822	2,808	2,808
Less: Current maturity shown under current liability	822	822	2,009	2,009
	-	-	799	799

23.1 Represents conventional obligation in respect of assets acquired under finance lease arrangements from various conventional financial institutions. Rentals are payable in equal monthly installments. Repairs and insurance costs are to be borne by lessee. Financing rate ranging from KIBOR plus 3.5 percent to 4 percent per annum has been used as discounting factor. Overdue rental payments are subject to additional charge upto 2% percent per month or part thereof on all sums not paid by the lessee when due and payable under the respective agreements. Purchase option can be exercised by the lessee by adjusting security deposit against residual value at the expiry of the leased period.

	As at June 30, 2018	As at June 30, 2017
24 Trade and other payables		
Trade creditors	1,329,659	1,846,046
Bills payable	985,384	3,301,163
Accrued expenses	2,622,652	2,537,350
Technical service fee / royalty - note 24.1	25,323	21,640
Workers' profit participation fund - note 24.2	36,060	243,326
Workers' welfare fund	93,020	65,767
Distributors' security deposits - payable on termination of distributorship - note 24.5	120,704	101,657
Contractors' earnest / retention money	44,400	10,572
Running account with customers - note 24.3	339,425	426,174
Payable for capital expenditure	233,213	1,109,672
Provision for compensated absences - note 24.4	31,500	31,249
Others	205,598	158,527
	6,066,938	9,853,143

24.1 This amount includes royalty payable to Parent Company, namely "Lucky Holdings Limited" having registered office at 6-A, Mohammad Ali Society A. Aziz Hashim Tabba Street Karachi - 75350, Pakistan	25,323	21,640

	As at June 30, 2018	As at June 30, 2017
	Amounts in PKR '000	

24.2 Workers' profit participation fund

	As at June 30, 2018	As at June 30, 2017
Balance at the beginning of the year	**243,326**	191,680
Acquired through business combination	**-**	3,141
Allocation for the year - note 32	**207,724**	235,170
	451,050	429,991
Interest on funds utilised in the Group's businesses at 135 % (June 30, 2017: 48.25%) per annum	**1,377**	2,365
Payment to the fund	**(416,367)**	(189,030)
Balance at the end of the year	**36,060**	243,326

24.3 Included herein are amounts due to the following associated undertaking:

Fashion Textile Mills (Pvt.) Limited	-	362
	-	362

24.4 This figure is based on actuarial valuation and estimation.

24.5 Interest on security deposits from certain distributors is payable at ranging from 5 % to 7 % (June 30, 2017: 5.50% to 6.50%) per annum as specified in the respective agreements.These securities deposits are non utlizable.Further, the Group has not utilized any such deposit for the purpose of its business during the year

25 Short-term borrowings and running finance	**7,332,327**	2,128,905
25.1 Export refinance	**200,000**	50,000

The Group has export refinance facility of upto PKR 1,200 million (2017: PKR 1,200 million) available from Faysal Bank Limited (Faysal Bank Limited) as at June 30, 2018 out of which PKR 200 million was utilized (2017: PKR 50 million). The above export refinance facility is secured by first pari passu hypothecation charge. The export refinance facility carries mark-up at State Bank of Pakistan (SBP) rate (currently 2%) + 0.25% per annum (June 30, 2017: SBP rate 2 % + 0.25 % per annum).

25.2 Money Market

During the year the Group had obtained numerous money market loans from different banks at an average price of Plain Three Month KIBOR.	-	550,000
25.3 Short-term running finance - secured	**7,132,327**	1,528,905

Short-term borrowings and running finance facility from various banks aggregated to PKR 10,481 million (June 30, 2017: PKR 7,281 million) and carry mark-up during the year ranging from KIBOR -0.05% to KIBOR +0.50% per annum with an average mark-up rate of relevant KIBOR +0.09% on utilized limits (June 30, 2017: relevant KIBOR -0.05% to KIBOR +0.50% per annum with an average mark-up rate of relevant KIBOR +0.12% on utilized limits). These facilities are secured by hypothecation charge over the present and future current assets of the Group.

26 Contingencies and commitments

Claims against the Group not acknowledged as debts are as follows:

Local bodies - note 26.1	**166,501**	1,400
Others	**11,318**	15,302
	177,819	16,702

	Amounts in PKR '000	
	As at June 30, 2018	As at June 30, 2017

26.1 Details of material cases

Collectorate of customs - classification issue in PCT heading

Customs raised a demand for PKR 51.5 million relating to classification issue of Titanium Di-Oxide during prior years. During the prior year, Holding Company received a positive outcome for its case filed with Customs Appellate Tribunal and the case was decided in Holding Company's favor.

Collectorate of customs raised demand of PKR 17.4 million till 2015-16 against the Holding Company on the ground that the Holding Company is classifying its imported product Wannate 8019 in wrong PCT Heading. During the prior year, consignments were withheld by Customs Appraisement due to classification issue. For clearance of these consignments, the Holding Company paid PKR 15.8 million as Security Deposit for getting Provisional clearance till the final decision of Classification Committee and Appellate forums, which is still awaited.

For one other product Wannate PM 2010/ 8221, consignments were again withheld by Customs Intelligence on Classification issue. The Holding Company paid PKR 94 million as Security Deposit for Provisional Clearance of these consignments till final decision. Classification committee through a Public notice dated 12th June, 2017 gave its view on classification of the product against the Holding Company. Customs after the issuance of this Public Notice raised further demand relating to period prior to issuance of Public Notice, amounting to PKR 65 million. The Holding Company, being dissatisfied with the verdict, filed a Suit in Sindh High Court on certain grounds including that applicability of public notice cannot be done retrospectively. The court has granted a stay in favor of the Holding Company till the next date of hearing. The Holding Company is confident that it has a strong grounds to defend the case and is hopeful of positive outcome.

Soda Ash business was being charged at the Gas tariff rate of Captive Power Plant instead of Industrial tariff by SNGPL and a demand of PKR 92 million was raised. Honourable Lahore High Court vide its judgement dated January 9, 2018 decided the case in Holding Company's favor. SNGPL has filed an appeal against the decision of Honourable Lahore High Court which is pending for hearing. The Holding Company is confident that the case will be decided in its favor.

The Holding Company received a show cause notice on June 6, 2017 from the Sindh Revenue Board wherein a demand for the payment of workers welfare fund amounting to PKR 69.965 million was raised by the Sindh Revenue Board. The Holding Company has challenged such demand on various legal grounds. The Holding Company has been granted a stay dated June 20, 2017 from Honourable Sindh High Court and the case is pending for hearing. The Holding Company is confident of a favorable outcome in this case.

26.2 Tax related contingencies are disclosed in note 47 to these consolidated financial statements for income tax and sales tax contingencies.

26.3 Commitments

	2018	2017
Commitments in respect of capital expenditure including various projects	**3,032,970**	1,888,030

Commitments for rentals under operating lease / Ijarah contracts in respect of vehicles are as follows:

Year		
2017-18	**-**	72,921
2018-19	**76,101**	60,110
2019-20	**80,895**	39,393
2020-21	**85,991**	18,186
2021-22	**91,409**	-
	334,396	190,610
Payable not later than one year	**76,101**	72,921
Payable later than one year but not later than five years	**258,295**	117,689
	334,396	190,610

The untilised amount of letter of credit facility as at year end	**69,473**	12,050

27 Operating segment results — Amounts in PKR '000

	Polyester		Soda Ash		Life Sciences		Chemicals & Agri Sciences		Others		Group	Group
	For the year ended June 30, 2018	For the year ended June 30, 2017	For the year ended June 30, 2018	For the year ended June 30, 2017	For the year ended June 30, 2018	For the year ended June 30, 2017 (Re-stated)	For the year ended June 30, 2018	For the year ended June 30, 2017 (Re-stated)	For the year ended June 30, 2018	For the year ended June 30, 2017	For the year ended June 30, 2018	For the year ended June 30, 2017
Sales												
Afghanistan	-	-	90,754	59,967	-	-	566	1,247	-	-	91,320	61,214
India	-	-	685,444	584,537	-	-	-	-	-	-	685,444	584,537
Turkey	40,729	-	-	-	-	-	-	-	-	-	40,729	-
Others	-	-	21,651	-	2,301	1,980	-	-	-	-	23,952	1,980
	40,729	-	797,849	644,504	2,301	1,980	566	1,247	-	-	841,445	647,731
Inter-segment	-	-	-	-	-	-	9,457	7,214	641,170	527,052	650,627	534,266
Local	18,484,955	14,647,604	14,762,640	13,159,554	13,568,367	10,686,809	9,379,700	8,990,521	-	-	56,195,662	47,484,488
	18,525,684	14,647,604	15,560,489	13,804,058	13,570,668	10,688,789	9,389,723	8,998,982	641,170	527,052	57,687,734	48,666,485
Commission / Toll income	-	-	-	-	96,567	10,145	68,541	55,085	-	-	165,108	65,230
Turnover	18,525,684	14,647,604	15,560,489	13,804,058	13,667,235	10,698,934	9,458,264	9,054,067	641,170	527,052	57,852,842	48,731,715
Sales tax	(27)	-	(2,156,167)	(1,897,987)	(88,863)	(76,229)	(743,643)	(681,952)	(93,161)	(76,580)	(3,081,861)	(2,732,748)
Commission	-	-	(158,275)	(147,170)	(262,903)	(126,344)	-				(421,178)	(273,514)
Discounts / price adjustment	(370,043)	(259,549)	(699,086)	(718,217)	(1,842,655)	(1,444,832)	(888,485)	(1,073,951)	-	-	(3,800,269)	(3,496,549)
	(370,070)	(259,549)	(3,013,528)	(2,763,374)	(2,194,421)	(1,647,405)	(1,632,128)	(1,755,903)	(93,161)	(76,580)	(7,303,308)	(6,502,811)
Net turnover	18,155,614	14,388,055	12,546,961	11,040,684	11,472,814	9,051,529	7,826,136	7,298,164	548,009	450,472	50,549,534	42,228,904
Cost of sales - note 29	(17,617,573)	(14,251,410)	(9,177,591)	(7,727,970)	(8,074,898)	(6,457,407)	(6,295,743)	(5,401,568)	(453,476)	(376,506)	(41,617,541)	(34,214,861)
Gross profit	538,041	136,645	3,369,370	3,312,714	3,397,916	2,594,122	1,530,393	1,896,596	94,533	73,966	8,931,993	8,014,043
Selling and distribution expenses - note 30	(270,431)	(242,348)	(300,056)	(296,027)	(1,615,854)	(1,272,215)	(862,270)	(877,644)	-	-	(3,048,611)	(2,688,234)
Administration and general expenses - note 31	(220,460)	(332,202)	(322,444)	(287,018)	(348,406)	(269,976)	(381,181)	(251,662)	(8,681)	(509)	(1,281,172)	(1,141,367)
Operating result	47,150	(437,905)	2,746,870	2,729,669	1,433,656	1,051,931	286,942	767,290	85,852	73,457	4,602,210	4,184,442
27.1 Segment assets - note 27.5	11,178,674	9,682,810	24,602,890	20,854,646	10,495,179	6,622,334	8,953,650	5,740,246	3,621,852	1,390,974	39,643,819	33,817,841
27.2 Unallocated assets											5,368,713	2,984,087
											45,012,532	36,801,928
27.3 Segment liabilities - note 27.5	14,884,879	13,714,748	3,292,937	3,925,255	4,076,319	2,440,700	4,048,357	1,921,099	116,310	71,522	8,096,440	11,196,063
27.4 Unallocated liabilities											16,883,258	7,880,092
											24,979,698	19,076,155

27.5 Inter unit current account balances of respective businesses have been eliminated from the total.

	Polyester 2018	Polyester 2017	Soda Ash 2018	Soda Ash 2017	Life Sciences 2018	Life Sciences 2017	Chemicals & Agri Sciences 2018	Chemicals & Agri Sciences 2017	Others 2018	Others 2017	Group 2018	Group 2017
27.6 Depreciation and amortisation charge note 6.7 and 7.2	788,306	791,828	1,469,738	1,357,068	133,222	37,099	48,601	45,576	34,069	43,346	2,473,936	2,274,917
27.7 Capital expenditure	202,780	253,982	2,023,718	4,376,082	2,030,126	84,669	134,104	88,776	1,464,272	52,870	5,855,000	4,856,379

27.8 There were no major customer of the Group which formed part of 10% or more of the Group's revenue.

27.9 Comparative figures have been re-stated due to the fact that Agri Division has now become a part of the Chemical Business and is now known as the Chemical & Agri Sciences Business.

28 Reconciliations of reportable segment net turnover, cost of sales, assets and liabilities

	For the year ended June 30, 2018	For the year ended June 30, 2017
28.1 Net turnover		
Total net turnover for reportable segments - note 27	50,549,534	42,228,904
Elimination of inter-segment net turnover - note 27	(9,457)	(7,214)
Elimination of inter-segment net turnover from the subsidiary	(548,009)	(450,472)
Total net turnover	49,992,068	41,771,218
28.2 Cost of sales		
Total cost of sales for reportable segments - note 27	41,617,541	34,213,121
Elimination of inter-segment purchases - note 27	(9,457)	(7,214)
Elimination of inter-segment purchases from the subsidiary	(548,009)	(450,472)
Total cost of sales	41,060,075	33,755,435

	As at June 30, 2018	As at June 30, 2017
28.3 Assets		
Total assets for reportable segments	39,643,819	33,817,841
Taxation - net	2,592,156	1,253,468
Intangibles - goodwill and brands	1,644,053	764,083
Long-term investments - note 8	1,132,504	966,536
Total assets	45,012,532	36,801,928
28.4 Liabilities		
Total liabilities for reportable segments	8,096,440	11,196,063
Short-term borrowings and running finance - note 25	7,332,327	2,128,905
Long-term loan - note 21	9,210,056	5,567,145
Accrued mark-up	251,496	103,473
Unclaimed dividend	89,379	80,569
Total liabilities	24,979,698	19,076,155

29 Cost of sales Amounts in PKR '000

	Polyester		Soda Ash		Life Sciences		Chemicals & Agri Sciences		Others		Group	Group
	For the year ended June 30, 2018	For the year ended June 30, 2017	For the year ended June 30, 2018	For the year ended June 30, 2017	For the year ended June 30, 2018	For the year ended June 30, 2017 (Re-stated)	For the year ended June 30, 2018	For the year ended June 30, 2017 (Re-stated)	For the year ended June 30, 2018	For the year ended June 30, 2017	For the year ended June 30, 2018	For the year ended June 30, 2017
Raw and packing materials consumed												
Opening stock	742,941	644,917	645,261	625,823	607,473	743,878	552,987	297,614	21,625	20,611	2,570,287	2,332,843
Purchases												
Inter-segment	6,277	5,532	-	-	3,180	1,682	-	-	-	-	9,457	7,214
Others	15,550,745	11,801,977	3,835,609	2,223,176	2,976,992	1,611,327	2,797,903	2,588,548	370,071	289,143	25,531,320	18,514,171
	15,557,022	11,807,509	3,835,609	2,223,176	2,980,172	1,613,009	2,797,903	2,588,548	370,071	289,143	25,540,777	18,521,385
	16,299,963	12,452,426	4,480,870	2,848,999	3,587,645	2,356,887	3,350,890	2,886,162	391,696	309,754	28,111,064	20,854,228
Closing stock - note 12	(1,387,531)	(742,941)	(1,328,911)	(645,261)	(1,370,125)	(607,473)	(562,019)	(552,987)	(24,328)	(21,625)	(4,672,914)	(2,570,287)
Raw and packaging material consumed	14,912,432	11,709,485	3,151,959	2,203,738	2,217,520	1,749,414	2,788,871	2,333,175	367,368	288,129	23,438,150	18,283,941
Salaries, wages and benefits - note 29.1	514,838	485,944	927,637	808,959	416,429	88,235	65,693	67,982	20,855	17,737	1,945,452	1,468,857
Stores and spares consumed	232,241	182,685	168,214	162,273	46,731	363	11,591	13,824	21,962	19,281	480,739	378,426
Conversion fee paid to contract manufacturers	-	-	-	-	416,539	351,406	40,941	48,546	-	-	457,480	399,952
Oil, gas and electricity	1,416,990	1,133,944	3,318,412	2,629,665	18,455	-	25,954	20,881	581	578	4,780,392	3,785,068
Rent, rates and taxes	1,559	1,698	1,523	1,371	29,476	12,471	54,907	43,766	420	450	87,885	59,756
Insurance	19,940	15,946	35,566	26,972	455	569	1,652	1,699	1,594	1,038	59,207	46,224
Repairs and maintenance	13,452	12,632	8,803	6,105	20,177	5,039	8,489	6,928	140	120	51,061	30,824
Depreciation and amortisation charge - note 6.7 and 7.2	781,321	779,835	1,455,561	1,344,567	97,411	14,901	23,322	23,416	34,069	43,345	2,391,684	2,206,064
Write-offs - inventory	-	-	-	-	46,727	-	225,751	-	-	-	272,478	-
Excise duty	-	-	-	-	-	-	-	-	5,450	4,587	5,450	4,587
Technical fees	-	-	-	-	-	-	1,482	8,483	-	-	1,482	8,483
General expenses	230,316	199,663	289,260	228,257	107,739	34,223	38,666	44,434	1,037	1,241	665,278	506,078
Opening stock of work-in-process	52,831	96,152	-	-	35,354	42,112	21,905	42,380	-	-	110,090	180,644
Closing stock of work-in-process - note 12	(39,659)	(52,831)	-	-	(51,500)	(35,354)	(9,972)	(21,905)	-	-	(101,131)	(110,090)
Cost of goods	18,136,261	14,565,153	9,356,935	7,411,907	3,401,513	2,263,379	3,299,252	2,633,609	453,476	376,506	34,645,697	27,248,814
Opening stock of finished goods	733,887	401,556	87,897	133,957	828,531	993,329	1,583,209	1,394,965	-	-	3,233,524	2,923,807
Finished goods purchased	(9,894)	18,588	(2,338)	270,003	5,092,506	4,075,201	2,885,783	2,973,961	-	-	7,966,057	7,337,753
	18,860,254	14,985,297	9,442,494	7,815,867	9,322,550	7,331,909	7,768,244	7,002,535	453,476	376,506	45,845,278	37,510,374
Closing stock of finished goods - note 12	(1,242,681)	(733,887)	(264,903)	(87,897)	(1,264,696)	(828,531)	(1,464,309)	(1,583,209)	-	-	(4,236,589)	(3,233,524)
Provision / Reversal for slow moving and obsolete stock-in-trade - note 31	-	-	-	-	17,044	(45,971)	(8,192)	(17,758)	-	-	8,852	(63,729)
	17,617,573	14,251,410	9,177,591	7,727,970	8,074,898	6,457,407	6,295,743	5,401,568	453,476	376,506	41,617,541	34,213,121

29.1 Staff retirement benefits

Salaries, wages and benefits include amounts in respect of staff retirement benefits: **103,564** 93,775

30 Selling and distribution expenses

	Polyester		Soda Ash		Life Sciences		Chemicals & Agri Sciences		Others		Group	Group
	For the year ended June 30, 2018	For the year ended June 30, 2017	For the year ended June 30, 2018	For the year ended June 30, 2017	For the year ended June 30, 2018	For the year ended June 30, 2017 (Re-stated)	For the year ended June 30, 2018	For the year ended June 30, 2017 (Re-stated)	For the year ended June 30, 2018	For the year ended June 30, 2017	For the year ended June 30, 2018	For the year ended June 30, 2017
Salaries and benefits - note 30.1	54,044	49,641	42,829	42,233	736,037	602,965	395,653	385,875	-	-	1,228,563	1,080,714
Repairs and maintenance	223	205	973	1,036	5,110	4,535	6,056	4,839	-	-	12,362	10,615
Advertising and publicity expenses	3,952	23,420	5,507	28,900	293,321	284,391	59,745	78,519	-	-	362,525	415,230
Rent, rates and taxes	469	552	3,740	2,781	14,723	17,337	5,476	6,590	-	-	24,408	27,260
Insurance	-	-	84	342	16,248	9,917	11,305	8,231	-	-	27,637	18,490
Lighting, heating and cooling	107	134	2,041	2,214	7,219	4,039	7,881	5,477	-	-	17,248	11,864
Depreciation and amortisation charge - note 6.7 and 7.2	-	-	86	86	25,474	14,485	12,990	15,557	-	-	38,550	30,128
Write-offs		-		-	630	-		-	-	-	630	-
Outward freight and handling	10,770	1,180	104,262	88,417	177,289	92,542	157,407	160,653	-	-	449,728	342,792
Travelling expenses	9,814	12,321	2,493	3,417	173,294	143,059	95,506	89,897	-	-	281,107	248,694
Postage, telegram, telephone and telex	1,393	1,216	1,676	2,009	20,530	15,736	10,905	11,151	-	-	34,504	30,112
Royalty - note 30.2	181,556	143,844	125,470	110,407	-	-	-	-		-	307,026	254,251
General expenses	8,103	9,835	10,895	14,185	145,979	83,209	99,346	110,855	-	-	264,323	218,084
	270,431	242,348	300,056	296,027	1,615,854	1,272,215	862,270	877,644	-	-	3,048,611	2,688,234

30.1 Staff retirement benefits

Salaries and benefits includes amount in respect of staff retirement benefits: **65,420** 59,573

30.2 Royalty amounting to PKR 307.026 million (June 30, 2017: PKR 254.251 million) is charged by the Parent Company namely "Lucky Holdings Limited" having registered office at 6-A, Mohammad Ali Society A. Aziz Hashim Tabba Street Karachi - 75350, Pakistan

Amounts in PKR '000

31 Administration and general expenses

	Polyester		Soda Ash		Life Sciences		Chemicals & Agri Sciences		Others		Group	Group
	For the year ended June 30, 2018	For the year ended June 30, 2017	**For the year ended June 30, 2018**	For the year ended June 30, 2017	**For the year ended June 30, 2018**	For the year ended June 30, 2017 (Re-stated)	**For the year ended June 30, 2018**	For the year ended June 30, 2017 (Re-stated)	**For the year ended June 30, 2018**	For the year ended June 30, 2017	**For the year ended June 30, 2018**	For the year ended June 30, 2017
Salaries and benefits - note 31.1	**131,199**	199,205	**195,506**	180,905	**216,812**	132,044	**128,936**	134,148	**-**	-	**672,453**	646,302
Repairs and maintenance	**1,852**	3,738	**4,149**	4,217	**6,566**	5,286	**1,760**	1,589	**-**	-	**14,327**	14,830
Advertising and publicity expenses	**3,399**	2,877	**8,169**	3,259	**5,436**	271	**2,688**	1,709	**-**	-	**19,692**	8,116
Rent, rates and taxes	**4,975**	6,383	**3,629**	3,113	**9,622**	5,846	**1,194**	1,052	**-**	-	**19,420**	16,394
Insurance	**571**	1,022	**907**	1,223	**4,168**	4,552	**815**	693	**-**	-	**6,461**	7,490
Lighting, heating and cooling	**4,171**	5,685	**5,195**	4,137	**15,854**	9,468	**6,344**	5,367	**-**	-	**31,564**	24,657
Depreciation and amortisation charge - note 6.7 and 7.2	**6,985**	11,993	**14,091**	12,415	**10,337**	5,903	**12,289**	8,414	**-**	-	**43,702**	38,725
Write-offs	**-**	-		-	**-**	-		-	**-**	-	**-**	-
Provision for doubtful debts	**153**	553	**15,673**	-	**11,786**	13,145	**156,251**	25,148	**-**	-	**183,863**	38,846
Provision for slow moving and obsolete stock-in-trade - note 12.1	**-**	-	**-**	-	**(17,044)**	45,971	**8,192**	17,758	**-**	-	**(8,852)**	63,729
Provision for slow moving and obsolete stores and spares - note 11.2	**-**	-	**3,171**	-	**-**	-	**-**	-	**-**	-	**3,171**	-
Travelling expenses	**5,116**	8,808	**8,187**	6,512	**18,265**	9,223	**6,563**	5,647	**-**	-	**38,131**	30,190
Postage, telegram, telephone and telex	**2,213**	3,648	**3,020**	2,833	**4,740**	4,861	**2,707**	2,214	**-**	-	**12,680**	13,556
General expenses	**59,826**	88,290	**60,747**	68,404	**61,864**	33,406	**53,442**	47,923	**8,681**	509	**244,560**	238,292
	220,460	332,202	**322,444**	287,018	**348,406**	269,976	**381,181**	251,662	**8,681**	509	**1,281,172**	1,141,127

31.1 Staff retirement benefits

	2018	2017
Salaries and benefits includes amount in respect of staff retirement benefits:	**69,188**	61,913

Amounts in PKR '000

		For the year ended June 30, 2018	For the year ended June 30, 2017
32	**Other charges**		
	Auditors' remuneration - note 32.1	**7,115**	6,097
	Donations - note 32.2	**41,116**	20,000
	Workers' profit participation fund - note 24.2	**207,724**	235,170
	Workers' welfare fund	**27,168**	59,195
	Workers' welfare fund - Reversal	**-**	(174,638)
	Impairment of operating fixed asset	**36,759**	-
	Others	**6,209**	28,344
		326,091	174,168

32.1	**Auditors' remuneration**		
	Statutory audit fee	**4,313**	3,671
	Half yearly review and other certifications	**1,557**	1,264
	Out of pocket expenses	**1,245**	1,162
		7,115	6,097

32.2 Includes donation to ICI Pakistan Foundation (Head office, Karachi). Mr. Asif Jooma, Director of the Group, Mr. Suhail Aslam Khan, Mr. Arshaduddin Ahmed, Ms. Saima Kamila Khan and Ms. Fathema Zuberi, Executives of the Group are amongst the Trustees of the Foundation.

33	**Finance costs**		
	Mark-up on short term borrowings and running finance	**558,931**	313,464
	Interest on workers' profit participation fund - note 24.2	**1,377**	2,365
	Discounting charges on receivables	**84,079**	70,388
	Guarantee fee and others	**9,707**	3,902
		654,094	390,119
	Penalty		
	This includes a penalty that is either charged to the statement of profit or loss or waived	**125**	-

34	**Other income**		
	Income from financial assets		
	Profit on interest bearing short-term and call deposits	**74,032**	14,553
	Income from non-financial assets		
	Scrap sales	**64,206**	82,634
	Sales from scrap raw materials	**-**	1,164
	Gain on disposal of operating fixed assets	**6,255**	7,285
	Provisions and accruals no longer required written back	**130**	5,679
	Sundries	**11,732**	3,725
		156,355	115,040

Amounts in PKR '000

		For the year ended June 30, 2018	For the year ended June 30, 2017
35	**Taxation**		
	Current	**593,759**	1,290,717
	Prior	**(712,340)**	-
	Deferred	**754,569**	(175,869)
	Net tax charged - note 35.3	**635,988**	1,114,848

35.1 Tax provision for the year 2016 and year 2015 of PKR 656.987 million and PKR 577,786 million respectively

35.2 As per the management assessment tax provisions for the year 2017, 2016 & 2015 are sufficient and adequately covers the assessed / declared position.

35.3 Tax reconciliation

	2018	2017
Profit before tax	**3,933,642**	4,394,957
Tax @ 30% (June 30, 2017: 31%)	**1,180,093**	1,362,436
Effect of exempt income	**(36,000)**	(38,750)
Effect of share of profit from associate	**(63,000)**	(123,580)
Effect of credit under section 65B	**(497,925)**	(130,996)
Effect of change in tax rate on beginning deferred tax	**(49,312)**	(36,694)
Deferred tax on minimum tax	**57,147**	-
Others	**44,985**	82,432
Net tax charged	**635,988**	1,114,848
Average effective tax rate	**16.17%**	25.37%

36 Basic and diluted earnings per share (EPS)

	2018	2017
Profit after taxation for the year	**3,280,006**	3,282,749
	Number of shares	
Weighted average number of ordinary shares in issue during the year	**92,359,050**	92,359,050
	PKR	
Basic and diluted earnings per share (EPS)	**35.51**	35.54

Amounts in PKR '000

	For the year ended June 30, 2018	For the year ended June 30, 2017
37 Cash flows from operating activities		
Profit before taxation	**3,933,642**	4,394,957
Adjustments for:		
Depreciation and amortization - note 6.7 and 7.2	**2,473,936**	2,274,917
Gain on disposal of operating fixed assets - note 34	**(6,255)**	(7,285)
Impairment charge of fixed asset	**36,759**	-
Provision for staff retirement benefit plan - note 20.1.1	**33,552**	29,150
Provisions for non-management staff gratuity and eligible retired employees' medical scheme	**39,616**	31,302
Interest on short-term bank deposits	**(74,032)**	(14,553)
Share of profit from associate	**(585,968)**	(670,869)
Interest expense	**654,094**	390,118
Provision for doubtful debts	**183,863**	38,846
Provision for slow moving and obsolete stock-in-trade - note 12.1	**(8,852)**	63,506
Provision for slow moving stores and spares - note 11.2	**3,171**	-
Provisions and accruals no longer required written back	**(130)**	(5,679)
	6,683,396	6,524,410
Movement in:		
Working capital - note 37.1	**(6,130,293)**	(555,793)
Long-term loans	**(61,370)**	(18,626)
Long-term deposits and prepayments	**(4,975)**	(5,034)
	486,758	5,944,957

37.1 Movement in working capital

	2018	2017
(Increase) / Decrease in current assets		
Stores, spares and consumables	**106,676**	(149,837)
Stock-in-trade	**(3,000,459)**	(547,425)
Trade debts	**(312,105)**	(964,096)
Loans and advances	**(110,637)**	(50,233)
Trade deposits and short-term prepayments	**(24,645)**	(169,824)
Other receivables	**123,436**	(638,504)
	(3,217,734)	(2,519,919)
(Decrease) / Increase in current liabilities		
Trade and other payables	**(2,912,559)**	1,964,126
	(6,130,293)	(555,793)

38 Remuneration of Chief Executive, Directors and Executives

The amounts charged in the consolidated financial statements for the remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Group are as follows:

	Chief Executive		Directors		Executives		Total	
	For the year ended June 30, 2018	For the year ended June 30, 2017	For the year ended June 30, 2018	For the year ended June 30, 2017	For the year ended June 30, 2018	For the year ended June 30, 2017	For the year ended June 30, 2018	For the year ended June 30, 2017
Managerial remuneration	**54,390**	52,137	**36,251**	34,104	**633,788**	540,961	**724,429**	627,202
Gratuity	**2,580**	2,473	**1,846**	1,740	**40,400**	37,157	**44,826**	41,370
Provident Fund	**3,108**	2,979	**2,224**	2,097	**50,078**	42,684	**55,410**	47,760
Pension	**3,294**	3,158	**2,358**	2,222	**44,876**	39,003	**50,528**	44,383
Group insurance	**51**	55	**51**	55	**3,512**	3,489	**3,614**	3,599
Rent and house maintenance	**2,117**	1,636	**-**	-	**197,680**	172,603	**199,797**	174,239
Utilities	**1,308**	1,033	**-**	-	**47,915**	42,240	**49,223**	43,273
Medical expenses	**183**	210	**28**	62	**21,565**	9,649	**21,776**	9,921
	67,031	63,681	**42,758**	40,280	**1,039,814**	887,786	**1,149,603**	991,747
Number of persons as at the reporting date	**1**	1	**1**	1	**206**	183	**208**	185

38.1 The directors and certain executives are provided with free use of cars (obtained on lease by Group) in accordance with their entitlement. The Chief Executive is provided with free use of the Holding Company leased car, certain household equipment and maintenance when needed.

	For the year ended June 30, 2018	For the year ended June 30, 2017
38.2 Remuneration paid to Chairman during the year:	**-**	-
38.3 During the year fee paid to six non-executive directors for attending board and other meetings, which is not part of remuneration amounts to:	**3,000**	3,313

		As at and for the year ended June 30, 2018	As at and for the year ended June 30, 2017
38.4	Total number of employees as at the reporting date	**2,128**	1,805
	Average number of employees during the year	**2,048**	1,809
	Total number of factory employees as at the reporting date	**1,030**	841
	Average number of factory employees during the year	**936**	764

38.5 As per revised requirement of the Act, executive means an employee, other than chief executive and directors, whose basic salary exceeds twelve hundred thousand rupees in a financial year.

39 Transactions with related parties

The related parties comprise the Parent Company (Lucky Holdings Limited), the Ultimate Parent Company (Lucky Cement Limited) and related group companies, local associated companies, directors of the Group, companies where directors also hold directorship, key employees (note 38) and staff retirement funds (note 20). Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these consolidated financial statements are as follows:

Relationship with the Holding Company	Nature of transaction	For the year ended June 30, 2018	For the year ended June 30, 2017
Parent Company	Dividend	**1,232,928**	1,170,969
	Royalty	**307,026**	254,251
Associated companies	Purchase of goods, materials and services	**133,081**	118,276
	Sale of goods and materials	**1,973,792**	1,424,859
	Dividend received from an associate	**420,000**	668,000
	Reimbursement of expenses	**84,125**	88,272
	Dividend paid to associates	**199,046**	187,988
	Donations paid	**41,116**	20,000
	Issuance of shares	**921,200**	-
Key management personnel	Remuneration paid	**215,835**	195,068
	Post employment benefits	**34,183**	31,159

40 Plant capacity and annual production

- in metric tonnes except PowerGen which is in thousands of Megawatt hours and Nutraceuticals, Cirin Pharmaceutical and Life Sciences which is in packs:

	For the year ended June 30, 2018		For the year ended June 30, 2017	
	Annual Name Plate Capacity	**Production**	Annual Name Plate Capacity	Production
Polyester	**122,250**	**126,853**	122,250	121,929
Soda Ash - note 40.1	**425,000**	**378,248**	350,000	342,416
Chemicals - note 40.2	**-**	**16,026**	-	14,210
Life Sciences - note	**25,628,345**	**29,869,565**		
Sodium Bicarbonate	**40,000**	**38,000**	40,000	31,660
PowerGen - note 40.3	**122,640**	**31,334**	122,640	30,412
Nutraceuticals - note 40.2	**-**	**3,167,090**	-	3,018,534
Cirin Pharmaceuticals - note 40.2		**21,670,540**		17,927,715

40.1 Out of total production of 378,248 metric tonnes soda ash, 34,200 metric tonnes was transferred for production of 38,000 tonnes of Sodium Bicarbonate. Further annual capacity was enhanced with effect from February 2018 by 75,000 tonnes per annum.

40.2 The capacity of Chemicals, Neutraceuticals and Cirin pharmaceutical is indeterminable because these are multi-product with multiple dosage and multiple pack size plants.

40.3 Electricity by PowerGen is produced as per demand of the Polyester division of the Holding Company.

41 Fair value of financial assets and liabilities

The carrying amounts of the financial assets and financial liabilities as at the reporting date approximate their fair values.

Amounts in PKR '000

42 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

42.1 Risk management framework

The Board of Directors has overall responsibility for establishment and oversight of the Group's risk management framework. The executive management team is responsible for developing and monitoring the Group's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees compliance by management with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

43 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk currency risk, interest rate risk and other price risk.

43.1 Interest rate risk

Interest rate risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group mitigates its risk against the exposure by focusing on short-term investment and maintaining adequate bank balances. At the reporting date the interest rate profile of Group's interest-bearing financial instruments were:

	Carrying Amount	
	As at June 30, 2018	As at June 30, 2017
Fixed rate instruments		
Financial assets - note 17	**1,550,129**	1,222,868
Financial liabilities - note 20 and 21	**(2,687,912)**	(2,061,988)
	(1,137,783)	(839,120)
Variable rate instruments		
Financial liabilities - note 21 and 24	**(13,975,175)**	(4,212,238)

Sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, therefore a change in interest rates at the reporting date would not affect the statement of profit or loss.

Sensitivity analysis for variable rate instruments

If KIBOR had been 1% higher / lower with all other variables held constant, the impact on the profit before tax for the year would have been: PKR 137.076 million (June 30, 2017: PKR 42.122 million).

43.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into are denominated in foreign currencies. The Group is exposed to foreign currency risk on sales and purchases which are entered in a currency other than Pak Rupees. When the management expects future depreciation of Pak Rupees, the Group enters into forward foreign exchange contracts in accordance with State Bank of Pakistan instructions and the Group's treasury policy. The policy allows the Group to take currency exposure within predefined limits while open exposures are rigorously monitored.

Following is the gross exposure classified into separate foreign currencies:

	CNY	EURO	USD	GBP	JPY
			As at June 30, 2018		
Other receivables	-	**6,053**	**11,741**	-	-
Trade and other payables	-	**(31,822)**	**(141,663)**	**(4,623)**	**(620)**
Gross statement of financial position exposure	-	**(25,769)**	**(129,922)**	**(4,623)**	**(620)**
			As at June 30, 2017		
Other receivables	-	990	33,346	-	-
Trade and other payables	(606,417)	(158,390)	(2,152,362)	(10,096)	(549)
Gross statement of financial position exposure	(606,417)	(157,400)	(2,119,016)	(10,096)	(549)

Significant exchange rates applied during the year were as follows: **Amounts in PKR '000**

	Average rate		Spot rate	
	For the year ended June 30, 2018	For the year ended June 30, 2017	**As at June 30, 2018**	As at June 30, 2017
Rupees per	**PKR**		**PKR**	
EURO	**131.43**	114.22	**141.59**	119.63
USD	**110.07**	104.81	**121.63**	104.85
GBP	**148.40**	132.93	**159.49**	136.24
CNY	**13.69**	15.39	**18.39**	15.47
JPY	**1.00**	0.96	**1.10**	0.94

Sensitivity analysis

Every 1% increase or decrease in exchange rate with all other variables held constant will decrease or increase profit before tax for the year by PKR 1.609 million (June 30, 2017: PKR 28.935 million). The following table demonstrates the sensitivity to the change in exchange rates. As at June 30, 2017, if Pak Rupee (PKR) had weakened / strengthened by 1% against other currencies, with all other variables held constant, the effect on the Company profit before tax at June 30, 2018 and June 30, 2018 would be as follows:

	Increase / decrease in exchange rates	Effect on Profit before tax (CNY)	Effect on Profit before tax (EURO)	Effect on Profit before tax (USD)	Effect on Profit before tax (GBP)	Effect on Profit before tax (JPY)
2018						
Pak Rupee	**+1%**	**-**	**258**	**1,299**	**46**	**6**
Pak Rupee	**-1%**	**-**	**(258)**	**(1,299)**	**(46)**	**(6)**
2017						
Pak Rupee	+1%	6,064	1,574	21,190	101	5
Pak Rupee	-1%	(6,064)	(1,574)	(21,190)	(101)	(5)

44 Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter-parties failed completely to perform as contracted. The Group does not have significant exposure to any individual counter-party. To reduce exposure to credit risk the Group has developed a formal approval process whereby credit limits are applied to its customers. The management also regularly monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery. To mitigate the risk, the Group has a system of assigning credit limits to its customers based on evaluation based on customer profile and payment history. Outstanding customer receivables are regularly monitored. Some customers are also secured, where possible, by way of inland letters of credit, cash security deposit, bank guarantees and insurance guarantees.

The Group's gross maximum exposure to credit risk at the reporting date is as follows:

	As at June 30, 2018	As at June 30, 2017
44.1 Financial assets		
Long-term investment - note 8	**1,132,504**	966,536
Long-term loans - note 9	**443,791**	382,421
Long-term deposits - note 10	**37,818**	30,057
Trade debts - note 13	**2,718,120**	2,589,878
Loans and advances - note 14	**552,752**	441,985
Trade deposits - note 15	**221,008**	148,718
Other receivables - note 16	**470,408**	631,580
Bank balances - note 17	**1,680,329**	1,260,805
	7,256,730	6,451,980

44.2 The Group has placed its funds with banks which are rated A1+ by PACRA and A-1+ by JCR-VIS.

44.3 Financial assets

- Secured	**983,871**	920,677
- Unsecured	**6,272,859**	5,531,303
	7,256,730	6,451,980

	Amounts in PKR '000 As at June 30, 2018	As at June 30, 2017

44.4 The ageing of trade debts and loans and advances at the reporting date is as follows:

	As at June 30, 2018	As at June 30, 2017
Not past due	**2,675,099**	2,581,246
Past due but not impaired:		
Not more than three months	**629,425**	462,100
Past due and Impaired:		
More than three months and not more than six months	**54,105**	36,273
More than six months and not more than nine months	**51,173**	778
More than nine months and not more than one year	**53,788**	20,101
More than one year	**54,439**	20,309
	842,930	539,561
Provision for:		
- Doubtful debts - note 13	**(219,903)**	(88,944)
- Doubtful loans and advances - note 14	**(27,254)**	-
	(247,157)	(88,944)
	3,270,872	3,031,863

44.4.1 There were no past due or impaired receivables from related parties.

44.5 The maximum exposure to credit risk for past due at the reporting date by type of counterparty was:

	As at June 30, 2018	As at June 30, 2017
Wholesale customers	**412,628**	73,749
Retail customers	**421,672**	465,799
End-user customers	**8,630**	14
	842,930	539,562
Provision for:		
- Doubtful debts - note 13	**(219,903)**	(88,944)
- Doubtful loans and advances - note 14	**(27,254)**	-
- Doubtful debts, loans and advances	**(247,157)**	(88,944)
	595,773	450,618

44.6 Movement of provision for doubtful debts, loans and advances

	Trade debts	**Loans and advances**	**Total**	Total
Balance at the beginning of the year	**88,944**	**-**	**88,944**	**43,955**
Acquisition through business combination	**-**	**-**	**-**	**6,143**
Additional provision - note 31	**133,910**	**27,254**	**161,164**	**38,846**
Written off during the year	**(2,951)**	**-**	**(2,951)**	**-**
Balance at the end of the year	**219,903**	**27,254**	**247,157**	**88,944**

44.6.1 The recommended approach for provision is to assess the top layer (covering 50%) of trade receivables on an individual basis and apply a dynamic approach to the remainder of receivables. The procedure introduces a Group-standard for dynamic provisioning:

- Provide an impairment loss for 50% of the outstanding receivable when overdue more than 90 days, and
- Provide impairment loss for 100% when overdue more than 120 days.

44.7 Concentration risk

The sector wise analysis of receivables, comprising trade debts, loans and advances and bank balances are given below:

	As at June 30, 2018	As at June 30, 2017
Textile and chemicals	**1,953,669**	871,525
Glass	**9,669**	31,056
Paper and board	**4,698**	10,348
Life Sciences	**873,266**	384,245
Paints	**48,564**	47,785
Banks	**1,687,351**	1,266,464
Loans and advances and others	**628,163**	1,775,848
	5,205,380	4,387,271
Provision for:		
- Doubtful debts - note 13	**(219,903)**	(88,944)
- Doubtful loans and advances - note 14	**(27,254)**	-
	(247,157)	(88,944)
	4,958,223	4,298,327

44.8 Other price risk is the risk that the value of future cash flows of the financial instrument will fluctuate because of changes in market prices such as equity price risk. Equity price risk is the risk arising from uncertainties about future values of investment securities. As at the reporting date, the Group is not materially exposed to other price risk.

Amounts in PKR '000

45 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. The Group treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

The table below analyse the Group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the maturity date.

	Carrying amount	Contractual cash flows	Less than one year
		As at June 30, 2018	
Financial liabilities			
Trade creditors - note 24	**1,329,659**	**(1,329,659)**	**(1,329,659)**
Bills payable - note 24	**985,384**	**(985,384)**	**(985,384)**
Accrued mark-up	**251,496**	**(251,496)**	**(251,496)**
Accrued expenses - note 24	**1,831,991**	**(1,831,991)**	**(1,831,991)**
Technical service fee / Royalty - note 24	**25,323**	**(25,323)**	**(25,323)**
Distributors' security deposits - payable on termination of distributorship - note 24	**120,704**	**129,153**	**129,153**
Contractors' earnest / retention money - note 24	**44,400**	**(44,400)**	**(44,400)**
Unclaimed dividends	**89,379**	**(89,379)**	**(89,379)**
Payable for capital expenditure - note 24	**233,213**	**(233,213)**	**(233,213)**
Others - note 24	**205,598**	**(205,598)**	**(205,598)**
Long-term loans - note 21	**9,210,056**	**(9,210,056)**	**(967,044)**
Liabilities subject to finance lease - note 23	**822**	**(822)**	**822**
Short-term borrowings - note 25	**7,332,327**	**(7,332,327)**	**(7,332,327)**
	21,660,352	**(21,410,495)**	**(13,165,839)**

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amount.

	Carrying amount	Contractual cash flows	Less than one year
		As at June 30, 2017	
Financial liabilities			
Trade creditors - note 24	1,846,046	(1,846,046)	(1,846,046)
Bills payable - note 24	3,301,163	(3,301,163)	(3,301,163)
Accrued mark-up	103,473	(103,473)	(103,473)
Accrued expenses - note 24	1,859,084	(1,859,084)	(1,859,084)
Technical service fee / royalty - note 24	21,640	(21,640)	(21,640)
Distributors' security deposits - payable on termination of distributorship - note 24	101,657	(108,773)	(108,773)
Contractors' earnest / retention money - note 24	10,572	(10,572)	(10,572)
Unclaimed dividends	80,568	(80,568)	(80,568)
Payable for capital expenditure - note 24	1,109,672	(1,109,672)	(1,109,672)
Others - note 24	158,527	(158,527)	(158,527)
Long-term loan - note 21	5,567,145	(5,567,145)	(647,667)
Liabilities subject to finance lease - note 23	2,808	(2,808)	(2,009)
Short-term borrowings - note 25	2,128,905	(2,128,905)	(2,128,905)
	16,291,260	(16,298,376)	(11,378,099)

46 Capital risk management

Amounts in PKR '000

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares. The Group also monitors capital using a gearing ratio, which is net debt, interest bearing loans and borrowings including finance cost thereon, trade and other payables, less cash and bank balances. Capital signifies equity as shown in the statement of financial position plus net debt. The gearing ratio as at June 30, 2018 and June 30, 2017 is as follows:

	As at June 30, 2018	**As at June 30, 2017**
Long-term loans - note 21	**9,210,056**	5,567,145
Short-term borrowings and running finance - note 25	**7,332,327**	2,128,905
Total debt	**16,542,383**	7,696,050
Cash and bank balances - note 17	**(1,687,351)**	(1,266,464)
Net debt	**14,855,032**	6,429,586
Share capital	**923,591**	923,591
Capital reserves	**309,643**	309,643
Surplus on revaluation of property, plant and equipment	**821,982**	902,788
Revenue reserve - unappropriated profit	**16,551,410**	15,102,391
Equity	**18,606,626**	17,238,413
Capital	**33,461,658**	23,667,999
Gearing ratio	**44.39%**	27.17%

47 Accounting estimates and judgements

The Group takes into account the current income and sales tax law and decisions taken by appellate authorities. Instances where the Group's view differs from the view taken by the authorities at the assessment stage and where the Group, in consultation with its external counsel, considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities (unless there is remote possibility of transfer of benefits). The details of the tax matters are as follows:

In case of assessment year [AY] 1998-99, the Appellate Tribunal Inland Revenue (The Tribunal) on September 19, 2008 had set aside the assessments made by FBR. The re-assessment was finalized by the department on June 29, 2010 in which the issues pertaining to date of commissioning of PTA's plant & the tax depreciation claimed thereon, restriction of cost of capitalization of PTA plant and addition to income in respect of trial production stocks were decided against the Holding Company. The Holding Company had filed an appeal against the said order before the CIR (Appeals) which was decided on November 24, 2015 in which the issue of date of commissioning of PTA's plant & the tax depreciation claimed thereon along with the issue of addition to income in respect of trial production stocks were decided in Holding Company's favor. However, the issue of restriction of cost of capitalization of PTA plant was decided against the Holding Company. The Holding Company and FBR have filed the appeals on respective matters decided against them in Tribunal, hearing of which is pending disposal.

In the case of AY 2002-2003, on receipt of notice under section 62 of the Income Tax Ordinance, 1979, the Holding Company had filed a writ petition in the Honourable Supreme Court, after its earlier petition being dismissed by the Honourable Sindh High Court on maintainability, challenging FBR's notice which stated that the effective date of PTA's demerger was August 6, 2001 (falling in assessment year 2002-03) rather than the effective date given in the Scheme of Arrangement as October 1, 2000 (which falls in assessment year 2001-02). The notice also raised certain issues relating to vesting of PTA assets by the Holding Company. On March 18, 2015, the Honourable Supreme Court has passed an interim order stating that this case has nexus with the case of assessment year 2001-02 and hearing will take place once the Honourable High Court decides the case in assessment year 2001-02. The Honourable High Court decided the same in favor of the Holding Company and stated that the assessment for AY 2001-2002 is time barred. The department filed an appeal in the Honourable Supreme Court against the order of the Honourable High Court. On March 13, 2017, the Honourable Supreme Court dismissed the appeal of the department pertaining to assessment year 2001-2002 endorsing the directions of the Honourable High Court and adjudged the case as being barred by limitation and thereby restoring the position in the original order whereby unabsorbed depreciation was allowed.

Further, the Honorable Supreme Court gave directions to the Group vide its order dated March 14, 2017 to file its reply to the notice dated May 26, 2005 with respect to AY 2002-2003. Thereafter the Group submitted its response to the department in consultation with its external counsel. On May 15, 2017 the DCIR passed its assessment order disallowing depreciation relating to PTA assets, Capital Gain on Transfer of PTA Plant, Capital Gain on exchange of Shares, Financial charges on loans Subordinate to Pakistan PTA, Excess Perquisites, discounts, Interest paid to ICI Japan, Provisions and Write Offs. An appeal against this assessment order was preferred before CIR(A) who, vide his appellate Order dated January 19, 2018, decided majority of the issues against the Group. Consequently, the department issued appeal effect order dated March 1, 2018 giving effect to the findings of CIR(A) order and adjusting the disallowed depreciation. The Group has then preferred an appeal, against the CIR(A) order, before Tribunal which is pending disposal. Moreover, demand created vide appeal effect order dated March 1, 2018 has also been stayed by ATIR.

Depreciation relating to PTA assets pertaining to AY 2001-02 was absorbed against tax payable in AY 2002-03 to 2010. As a result of order dated May 15, 2017 for the AY 2002-2003 whereby a certain portion of the said depreciation was disallowed, department on June 15, 2017 issued orders for the Tax Years 2003, 2004, 2005, 2006, 2007, 2008, 2009 and 2010 whereby the spillover impact of the disallowed depreciation in AY 2002 - 03 was incorporated. This resulted in tax payable by the company for the Tax Years 2008, 2009 and 2010. Appeals against these orders were filed before CIR(A), who vide his combined appellate Order dated January 19, 2018 decided the case against the Holding Company.

Consequently, during the year, department has issued rectified orders for Tax Years 2003 to 2010, all dated March 2, 2018, to give consequential effect on account of revision of the amount of disallowed depreciation in AY 2002 - 03 and its spillover impact. However, as issues with minor monetary impacts have been decided in favor of the Holding Company by CIR(A) for AY 2002 – 03, no significant change in the amount of demand raised through initial orders for Tax Years 2008, 2009 and 2010 have resulted. The Group has preferred an appeal against the combined CIR(A) order dated January 19, 2018, before Tribunal which is pending disposal. Moreover, demand created vide appeal effect orders for Tax Years 2008, 2009, 2010 dated March 2, 2018 has also been stayed by ATIR.

In the case of Tax Years 2003, 2004, 2005, 2006, 2007, 2008, 2009 and 2010, FBR had made disallowances on the matters related to provisions charged under various heads, financial charges, gain on disposal of fixed assets, exchange loss, proration of expenses against capital gains and interest free loans offered to employees. The CIR (Appeals) allowed all the issues in Tax Years 2003 to 2010 in Holding Company's favor (except for two issues in tax year 2003 and 2010) against which appeals have been filed by FBR in the Tribunal. Out of the 2 issues which were not decided in Holding Company's favor, one relates to disallowance of financial charges in tax year 2003 which was later decided in Holding Company's favor vide appeal effect order dated June 15, 2017. With respect to the issue pertaining to tax year 2010, an appeal in the Tribunal has been filed n which is pending disposal.

The Additional Commissioner Inland Revenue (ACIR) through its order dated June 07, 2012 disallowed tax loss on disposal of fixed assets on the grounds that the same were sold through negotiations and not through auction as required by law. An appeal against the said order was filed with the CIR, who decided the appeal in Holding Company's favor. Consequently, the department being dissatisfied with the CIR order filed an appeal with the ATIR who vide its order dated December 01, 2016 decided the matter against the Holding Company. The Holding Company has preferred an appeal before the Honorable High Court against the said order, which is pending disposal.

Availing the exemption as per clause 103 A, Part 1, 2nd Schedule of Income Tax Ordinance 2001 on inter-corporate dividend to Holding Company entitled to Group Relief under section 59B of the Income Tax Ordinance 2001, the Holding Company disbursed the dividend without tax deduction to Lucky Holdings announced on 27th August, 2015 and on 19th February, 2016. However, Federal Board of Revenue, through an Order dated 2nd September, 2016, created tax demand on such dividends along with penalties and default surcharge. The Group had then preferred an appeal before CIR(A), who vide his order dated January 19, 2018, decided the case against the Holding Company. An appeal against CIR(A) order has been filed before Tribunal which is pending disposal. The Holding Company has also filed a petition on this matter, before Honorable Sindh High Court which has granted a stay against the recovery of demand. The Holding Company is confident that there is no merit in this claim of FBR and it will be decided in its favor.

In course of conducting a sales tax audit for the period July 2012 to June 2013, DCIR of FBR raised certain issues with respect to exemption and zero-rating / reduced rate benefit available to the Holding Company on its sales. On September 12, 2014 the Holding Company received an order in which demand of PKR 952 million was raised. An appeal was filed with CIR(A) which was decided against the Holding Company however directions were given to assessing officer to amend the original order if the returns are revised by the Holding Company. The Holding Company had already filed application through which approval of revision of returns have been sought, which is pending with FBR. A suit has also been filed before Honorable Sindh High Court through which legality of the order has been challenged. The Court while suspending the order, has granted stay against recovery of demand whereas the case is pending disposal. The Holding Company is confident that there is no merit in the claim of FBR and that the case would be decided in Holding Company's favor. Accordingly, no provision in this respect has been made in these unconsolidated financial statements.

Pension and Gratuity

Certain actuarial assumptions have been adopted as disclosed in note 20 to the consolidated financial statements for valuation of present value of defined benefit obligations and fair value of plan assets. Any changes in these assumptions in future years might affect gains and losses in those years.

Property, plant and equipment

The estimates for revalued amounts, if any, of different classes of property, plant and equipment, are based on valuation performed by external professional valuer and recommendation of technical teams of the Group. The said recommendations also include estimates with respect to residual values and depreciable lives. Further, the Group reviews the value of the assets for possible impairment on an annual basis. The future cash flows used in the impairment testing of assets is based on management's best estimates which may change in future periods. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

48. Standards, amendments and interpretations adopted during the year

48.1 Standard or Interpretation

The Group has adopted the following revised standards and amendments of IFRSs which became effective for the current year:

IAS 7 Statement of Cash Flows - Disclosure Initiative - (Amendment)
IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

The adoption of the above amendments to accounting standards did not have any effect on the consolidated financial statements.

Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following revised standards, amendments and improvements with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretations:

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 2 – Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
IFRS 4 – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)	01 January 2018
IFRS 9 – Financial Instruments	01 July 2018
IFRS 9 – Prepayment Features with Negative Compensation – (Amendments)	01 January 2019
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)Contracts – (Amendments)	Not yet finalized
IFRS 15 – Revenue from Contracts with Customers	01 July 2018
IFRS 16 – Leases	01 January 2019
IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 28 - Long-term Interests in Associates and Joint Ventures (Amendments)	01 January 2019
IAS 40 – Transfers of Investment Property (Amendments)	01 January 2018
IFRIC 22 - Foreign Currency Transactions and Advance Consideration	01 January 2018

IFRIC 23 – Uncertainty over Income Tax Treatments	01 January 2019

The above standards and amendments are not expected to have any material impact on the Group's financial statements in the period of initial application except for IFRS 15 - Revenue from contracts with customers. The Group is currently evaluating the impact of the said standard.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016 and December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019 respectively. The Group expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 1 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

Standard or Interpretation	**IASB effective date (annual periods beginning on or after)**
IFRS 14 – Regulatory Deferral Accounts	January 01, 2018
IFRS 17 – Insurance Contracts	January 01, 2018

The Group expects that above new standards will not have any material impact on the Company's financial statements in the period of initial application.

49 Post statement of financial position events - dividends

The Directors in their meeting held on July 27, 2018 have recommended a final dividend of PKR ___ per share (June 30, 2017: PKR 10.00 per share). This dividend is in addition to interim dividend paid of PKR 8.00 per share during the current year. The consolidated financial statements for the year ended June 30, 2018 do not include the effect of the final dividend which will be accounted for in the year in which it is approved.

50 Date of authorisation

These consolidated financial statements were authorised for issue in the Board of Directors meeting held on July 27, 2018.

51 General

51.1 Corresponding figures have also been rearranged and reclassified, wherever necessary, for better presentation. However, there has been no material reclassification to report.

51.2 Figures have been rounded off to the nearest thousand rupees except as stated otherwise.

Muhammad Sohail Tabba	**Asif Jooma**	**Muhammad Abid Ganatra**
Chairman / Director	*Chief Executive*	*Chief Financial Officer*